The China Weekly

REVIEW

密勒氏評論報

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Has Roosevelt Dropped the 9-Power Treaty and Stimson Policy?

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European Intrigue in the Sino-Japanese Crisis

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Dangers for China in Pacific Anti-Aggression Pacts . . . . . By Shih Kuo-kang

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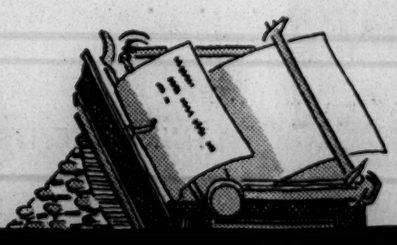

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The China Weekly REVIEW

Formerly Millard's Review

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JAPANESE NOW HOLD ONE-FOURTH OF CHINA—WANT STILL MORE!

DR. Shushi Hsu, author of the recent book, "North China Problem," which provided the first real insight into the Japanese program in North China, is the author of the following summary of the present crisis which he wrote in response to a request by the Editor of *The Review:*

"The activities of the Japanese in North China during the last fortnight constitute a further attempt to detach that region from the rest of China—perhaps the most serious attempt since they first launched their project some four years ago.

"Upon the fall of Jehol in 1933 the Chinese Government was forced to accept the Tangku Truce and abandon for the time being the hope to recover Manchuria, having found itself not substantially supported by the League of Nations and beset by the Communist menace at home. At this juncture the Japanese made their first move by compelling the Chinese Government to demilitarize East Hopei.

"In the spring of 1935, when the bulk of the Chinese army pursued the Communists into the western provinces, the Japanese saw their opportunity and delivered their second blow. This took the form of compelling the Chinese Government to dismiss certain officials and withdraw certain designated units of the Chinese army from Hopei.

"Encouraged by their success the Japanese became bold and tried to carry out their cherished scheme by one stroke. In the summer they went ahead feverishly with the promotion of an autonomy movement which aimed at creating a separate entity similar to the puppet state of Manchuria on the basis of the provinces of Hopei, Shantung, Shansi, Chahar and Suiyuan. For some time previously the Central Government had not exercised direct control over any of those provinces except Hopei. With the withdrawal of certain designated units of the army from the

last-mentioned province its control therein was now also weakened. Under these circumstances the Japanese military thought they would be successful in their scheme. They were soon disappointed, however, for the Chinese local authorities, proving to be more patriotic than had been expected, refused to cooperate with them.

"Having suffered this reverse, the Japanese changed their tactics and concentrated upon Hopei and Chahar, the province bordering upon Jehol. This took place in the fall of 1935. In the previous May, when the Japanese struck the second blow, the Chinese Government hastened to recall the troops sent westward and massed them along the Lunghai Railway to prepare for an emergency. This precautionary measure served it in good stead. The Japanese, realizing the danger ahead, abandoned their design upon Hopei and Chahar as a whole and contented themselves with the creation of two puppet regimes, one in East Hopei and one in North Chahar.

"The Japanese naturally were not satisfied with the meagre success achieved in this third attempt and were at the same time smarting under the two reverses they had suffered. At the height of the Japanese-stimulated autonomy movement, the Chinese Government, in order to fortify local authorities at Hopei and Chahar against Japanese intrigues, created a Political Council for the two provinces with a considerable degree of autonomous power. The Japanese evidently considered this the weak link in the Chinese chain of defence, and from then on they concentrated their attack upon it. The method they adopted was twofold. On the one hand, they insisted upon treating the Hopei-Chahar Political Council as if it were independent of the Central Government. On the other hand, they clinched their grip upon the Council by increasing their North China garrisons to a strength four times larger than what the Protocol Powers, including Japan herself, had considered to be necessary during the past thirty-six years. They took both of these steps in the face of strong Chinese protests.

"In the fall of 1936, when the Japanese felt that time was ripe, they made their fourth move by provoking an incident with the Chinese troops at Fengtai, an important junction on the railway between Peiping and Tientsin, and occupied that town in spite of the fact that it was not one of the twelve points specified in the Boxer Protocol as places on the Peiping-Mukden Railway where the Protocol Powers might station troops. The Chinese Government lodged a strong protest, which was again ignored.

"Following close after this blow the Japanese struck another, the fifth, and by far the more important one, by sending the bandit forces they had fostered in North Chahar into Suiyuan with the object of occupying the province as a base for further expansion into Chinese Central Asia just as they had hoped that Hopei might serve as a springboard for the conquest of North China. In view of the far-reaching consequences which the loss of Suiyuan might entail, the Chinese Government took up the challenge and despatched troops into the province to assist the local authorities. Eventually the combined forces succeeded in driving the Japanese-controlled bandits back to bandit-controlled North Chahar.

"After this fourth reverse the Japanese stopped for a while and suddenly on the 8th of the present month initiated the sixth attempt in the region of Lukouchiao. This place is on the Peiping-Hankow Railway, connected with Fengtai by a branch line. With the Peiping-Mukden Railway already in the hands of the Japanese, if Lukouchiao were occupied in addition, Peiping, with the Political Council, would be isolated from the rest of China, with all of the consequences that would naturally follow. This explains why the Chinese Government, central and local, has taken a serious view of the situation.

"To ease the situation the Chinese Government approved certain concessions made by the Council to the Japanese. Despite this an ultimatum was delivered July 26 requiring Chinese troops in the Peiping area to withdraw west of Yungting River before noon of the 28th. Judging by this and the despatch of a large number of Japanese divisions to the Peiping-Tientsin area, the Japanese are evidently determined to carry out their plan of detaching North China once and for all.

"I have tried to give an account of the background of the present North China crisis as an inhabitant of Mars would do. As to my own personal feeling, one can gain some idea of it by putting oneself into the situation in which the Chinese find themselves placed. It must be remembered that the Japanese have already occupied roughly one-fourth of the territory of the Chinese provinces and are now evidently out for larger stakes."

EUROPEAN INTRIGUE IN THE SINO-JAPANESE CRISIS

IN last week's issue of *The Review* there was reprinted in connection with an editorial discussion of the American neutrality law, a significant statement by M. Alexandre Varenne, former Governor of French Indo-China, who declared that Japan was playing the game of Germany. He declared that Japan's role in the three-power set-up (Japan-Germany-Italy) was to keep a part of the Soviet armies in the Far East "up to and including the very moment when complications in Europe furnish the occasion for a general conflagration."

This statement by Varenne was telegraphed to the Far East by the French *Havas Service*

which also carried (under a London date-line) the equally significant statement that Stalin intended to follow a moderate policy toward Japan and . . . "while Soviet circles were watching with utmost sympathy China's resistence to Japan, *well informed circles* believe that China should not count upon anything more than moral support of the U. S. S. R." As this French dispatch appeared under a London date-line it was impossible to determine who was meant by the words "well informed circles" which we italicised in the foregoing sentence. It was naturally assumed that the well informed circles referred to the Soviet authorities in Moscow, but the reference may have also applied to the French themselves as they probably would not like to see a war in this part of the world which would force the Russians to send most of their forces to the Far East and thus leave France at the mercy of the German-Italian fascist combination.

That many persons are convinced that Japan's present drive in North China was motivated, partially at least by her alliance with Germany, or as part of her preparations for war with the Soviet Union, was indicated in an article in the *North China Daily News*, leading British newspaper (July 23). The writer of this article, which appeared as special correspondence on the first page, referred first to the recent statement by the Japanese Major-General Masaharu Homma (following a trip across Russia) that the Stalin "purge" had so weakened the Soviet army that it was at present "for all practical purposes, negligible." Continuing, the British writer said that aside from economic benefits, the Japanese desired to make themselves invulnerable against Russian attacks . . . "This then is a suitable time to make assurance doubly sure by fastening the left flank of the line from the Amur river to Suiyuan."

What apparently was meant by this was that Japan's elimination of a potentially hostile Chinese force from North China would leave the way open for a Japanese drive into Suiyuan and even further west into Inner-Mongolia. It will be remembered that Japan's drive into Suiyuan province in December, 1936, using Mongolian and so-called Manchukuoan troops, was frustrated because of Chinese reinforcements sent to this front which stiffened the resistence of the Chinese governor of Suiyuan, Gen. Fu Tso-yi. As a result of this sturdy Chinese resistence, the Japanese-led and supported force was defeated and the long-prepared Japanese base at Pailingmiao, Inner-Mongolia, was captured by the Suiyuan forces.

But the situation would be different in future, providing the Japanese were permitted to remain in control of Peiping, with a friendly Chinese puppet regime serving as a buffer down to the Yellow River. Suiyuan and southern Chahar would fall into the lap of the Japanese army and the way would be open for a quick drive into Soviet-protected Outer-Mongolia with the object of occupying Urga—within striking distance of the vital Lake Baikal district. Present Japanese intrigue among certain groups of White Russians here and in Manchuria, who have been promised Japanese support in the creation of another puppet state (this one Russian) in the Urga-Baikal district are a further indication of present Japanese military thinking.

To get back to the French allegations of German intrigue behind present Japanese activities, it might be mentioned that there is at present much gossip in Tientsin and Tsingtao about the "return" of the German concessions in those cities. The Chinese authorities undoubtedly are aware that the recovery of colonies is a primary Nazi objective and that some of Imperial Germany's most desirable colonial possessions were located on the China coast. But far above this in importance is the primary purpose of the Japan-Nazi military pact, which is to force China into a fascist "bloc" against Russia. China's consent to the "anti-communist" clauses in the Japanese demands in the North would constitute an important step in the accomplishment of this important Japan-Nazi ambition.

In a reply to French charges which were broadcasted through the *Havas Service*, the Germans declared (*Transocean*, July 25) that they were following the disturbances between China and Japan because of their considerable economic interests which were likely to be affected, and not because of any political motives. The Berlin dispatch then declared that the German-Japanese anti-Communist agreement "had nothing whatever to do with the Sino-Japanese conflict," but the German spokesman somewhat contradicted himself in the last paragraph when he declared, "Incidentally . . . such public utterances (French statements) can in no way draw attention away from the fact as to who might in reality be interested in the outbreak of a conflict between China and Japan . . . The whole way in which the Bolshevist press had handled the Sino-Japanese dispute did not reveal any desire to contribute toward the easing of the tension but rather the desire to lead to an increase of tension."

The French replied to this through *l'Humanite* (Paris) by declaring, "The recent incidents are part of Japanese preparations for war on the continent of Asia and constitute the first act of the Fascist Government of Prince Konoye against China and for the alliance with Germany and Italy."

However, it should be noted that the German Ambassador in Washington called on Secre-

tary of State Cordell Hull a few days ago and assured him that Germany intended to follow a "hands off" policy in the Far East similar to that which was being followed by the United States.

Of further interest in this connection was a statement of the Japanese military headquarters in Shanghai, circulated through the two local Japanese newspapers *Mainichi* and *Nippo* (July 24) charging that Gen. Chiang Kai-shek, head of the Military Affairs Commission and Chow En-lai, vice-president of the so-called Chinese Soviet administration, had made a deal with Major-General A. Lepin, Military Attache of the Soviet Government in Nanking, whereby Russia would supply China with aircraft and pilots in the event of war between China and Japan. The Japanese military spokesman alleged that Lepin, now on his way back to Moscow had been authorized by the Chinese authorities to make the deal for the planes. The number of airplanes mentioned was 100 and in order to avoid direct Russian connection, Lepin had promised to send to China a number of Soviet-trained Mongolians, Buryats, Chinese and Korean fliers. The Japanese military spokesman alleged further that Major-Gen. Lepin had promised to obtain general military assistance for China in addition to the airplanes.

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The emphasis which the Japanese military authorities placed on the suppression of "communism" in their demands which they compelled the Chinese authorities to agree to in the North, undoubtedly had a direct connection with the Japan-Nazi anti-red pact. When the Japanese organized the puppet regime in the East Hopei district a year ago they called it the "East Hopei Anti-Communist Government." Now, according to an article in the *Shanghai Evening Post* (July 24) the Japanese military authorities in the North are planning to put into effect the so-called "Doihara Plan" which is an enlargement of the East Hopei Autonomous Anti-Communist State to include all of Hopei and Chahar provinces. Several days ago the head of the East Hopei regime, the Chinese puppet Yin Ju-keng, was quoted in the semi-official *Domei* reports as urging the complete independence of both Hopei and Chahar from the Central Government at Nanking. Although the Japanese have only controlled East Hopei for a year the Kwantung army officers, who serve as "advisers" there, have already trained some 20,000 Chinese troops which they are planning to use against the Chinese communist forces in northern Shensi. It was therefore of considerable significance that the Japanese military headquarters in Shanghai issued a report on July 24 alleging that a deal had been made by Gen. Chiang Kai-shek and Chow En-lai whereby the Chinese red forces, suposedly numbering 100,000 would be permitted to march across Shansi into Hopei to assist the regular Chinese troops against the Japanese; that the Chinese reds would use guerilla tactics in harassing the Japanese rear in Hopei and also in creating disturbances in the Japanese concession at Tientsin; that the so-called red territory in the northwest would be expanded to include Suiyuan, Shansi and Kansu in addition to the present territory in northern Shensi. These reports indicated that the Japanese are already preparing their "case" for a deeper drive into Chinese territory on the ground of suppressing "communism."

An element in the situation which has doubtlessly caused Gen. Chiang Kai-shek considerable anxiety is the presence of more than 100 German military advisers in the Chinese army. While the Germans, all former army officers in their home country, have been employed in technical positions in the Chinese army for several years and are generally thought to be loyal to China, there is a natural fear that in the event of a crisis they would be compelled to obey Hitler rather than Gen. Chiang Kai-shek. The Chinese also fear that certain ardent Nazis among the German advisers might be induced, or seduced, to turn over to their Japanese allies, some of Gen. Chiang Kai-shek's plans for defense against the Japanese army. Allegations also have been made that since the Japan-German alliance was hatched in Berlin by the general army staffs of the two countries, it was possible that the Germans had tipped off the Japanese as to China's plans for defense against the Japanese. A situation somewhat similar to this was the chief cause of the downfall of Marshal Tukhachevsky, former commander-in-chief of the Soviet Army, and his associates. Stalin claimed that Tukhachevsky was in secret alliance with high German army officers, some of whom had served as advisers in the Russian army during the time of the German Republic which was friendly toward the U. S. S. R. Stalin therefore suspected that Franco-Soviet military plans for defense against a German attack may have been turned over to the German general staff. This caused a deep stir in both French and Polish governmental circles, the Poles having similar fears as they are in alliance with the French. The extension of this type of European intrigue into the Sino-Japanese crisis has been responsible for considerable added uneasiness in governmental circles in Nanking.

Japanese Supplied With Pure Water from Mobile Filtering Truck

A Japanese correspondent at Fengtai July 24 wired that water—cold, clear and pure—is being distributed freely among the Japanese troops from a mobile filtering and cooling plant mounted on a truck. Its source at present is a stagnant creek, the water of which no man would touch even for bathing. Motor-operated, the plant filters, purifies and cools the water. Hitherto, Japanese soldiers were strictly forbidden to drink anything but boiled water or tea contained in their canteens.

Roosevelt Drops "Stimson Policy" in Favor of Neutrality in Sino-Japanese Conflict?

THE conflict between the military forces of China and Japan in North China precipitated a bitter diplomatic battle in Washington, Capital of the United States, which, although lacking in bloodshed, was characterized by dramatic developments of far-reaching significance.

Although no official statement was made, news reports indicated that the Roosevelt Administration would remain neutral, meaning apparently that no move would be made to interfere with Japanese aggression in the northern Chinese provinces. A *Havas* report on Tuesday said that Secretary Hull "would not follow the example of his predecessor, Henry L. Stimson and intervene in the 'quarrel.' "

Observers of the Washington scene professed to see a historical parallel in present-day developments and somewhat similar happenings in the administration of the late Woodrow Wilson immediately following the conclusion of the world war. It will be remembered that America's wartime President, although professing friendship and sympathy for China, agreed along with the other members of the "Big Four" to Japan's control of the Chinese province which had been occupied during the war. Wilson did this "in the interest of peace," but his action in signing the Treaty containing the "Shantung Clause" brought no peace either in Asia or in home American politics. In the ensuing political campaign when America's adherence to the League became the chief political issue, the Republican Party used the "Shantung Question" with damaging effect in bringing about the defeat of the Democrats. An analysis of the speeches made in the campaign, resulting in the election of the Republican, Warren G. Harding, to the Presidency, showed that the so-called Shantung Question had figured prominently as a campaign issue and had been mentioned in the addresses of most of the political leaders. One wonders whether the failure of the present Administration to support the "Stimson Policy" may not also become a major political issue in domestic American politics.

Of special interest in connection with the diplomatic battle staged in Washington was Japan's action in appointing Yakichiro Suma, former Nanking Consul General to Washington, where he holds the post of Councillor in the Japanese Embassy. Suma probably was the "hardest boiled" diplomatic official the Japanese ever had in China since the old days of the Twenty-one Demands in 1915. Suma is long experienced in Sino-Japanese politics, having served at Canton, Nanchang and Nanking through most of the Nationalist revolutionary development. Chinese officialdom in Nanking and elsewhere will be interested in learning that Suma called on Secretary of State Hull on July 18 and supplied him with a "detailed report on the situation in North China," explaining fully, according to a Japanese report, how the present tension developed from a historical standpoint. In other words, Suma supplied the State Department with a so-called historical review of political and economic conditions in North China and explained the alleged intentions of the Japanese Government regarding that area. He declared that whether the situation was aggravated depended entirely upon the attitude of the Chinese authorities. He also called attention to the "danger of Gen. Chiang Kai-shek being forced by public opinion to take action in order to safeguard his own position in domestic politics."

Suma called at the State Department shortly after Dr. C. T. Wang, new Chinese Ambassador, had presented a memorandum which practically requested the United States Government to invoke the Nine-Power Treaty as a means of halting the Japanese advance.

Another development of interest was President Roosevelt's action in summoning Norman H. Davis, United States Ambassador at Large in Europe, and John V. A. MacMurray, former Chinese minister in Peiping to a conference at the White House. Mr. MacMurray had extensive diplomatic experience in both China and Japan, and after his retirement from the Far East served in diplomatic posts in several of the small countries adjoining the Soviet Union, hence is also familiar with the situation in that country. Mr. MacMurray recently was appointed Chairman of the newly created American Commission on Philippine affairs.

As indicated in our editorial reference to the American neutrality law in last week's issue of *The Review*, the discussions in Washington have largely been concerned with this new American legislative enactment which has not only puzzled the entire world, but American citizens as well.

The latest United States neutrality law was enacted by Congress at the end of April. It was more rigorous than preceding enactments of a similar character. The first act passed in 1935 was rushed through Congress for the purpose of preventing Americans from becoming involved in the Italian Abyssinian War. It was invoked by the President in order to prevent Americans from sending munitions to either side in that struggle. In 1936 it was found defective in preventing Americans from participating in the civil war in Spain. However, the new law apparently has

been more effective. Now the Sino-Japanese crisis apparently is providing the severest test of all as to the efficacy of such legislation.

According to the new law, as soon as the President deems that a state of war exists between any two countries he must make this publicly known. It then becomes illegal for Americans to export arms, amunition or implements of war to any belligerents or to travel on ships registered by belligerent countries, to loan money to any belligerent government or their agents, or to arm American merchantmen engaged in commerce with any belligerent. American vessels cannot transport arms to any belligerent. In addition the President is empowered to put other machinery into motion if he feels that it is necessary to preserve the peace and neutrality of the United States. He may proclaim that exports of whatever character to belligerents may be cleared from American ports only after all rights, titles and interest therein has been transferred from American nationals to some foreign government, corporation or individual. He may forbid American vessels from transporting to belligerents such commodities as he may list. He may limit the use of American ports by belligerent warships, merchant vessels, auxiliaries or submarines.

The regulations with respect to Americans traveling on ships of belligerents, according to the law, were to the following effect:

"Whenever the President shall have issued a proclamation under the authority of section 1 of this act, it shall thereafter be unlawful for any citizen of the United States to travel on any vessel of the State or States named in such proclamation, except in accordance with such rules and regulations as the President may subscribe: provided, however, that the provisions of this section shall not apply to a citizen of the United States travelling on a vessel whose voyage was begun in advance of the date of the President's proclamation and who had no opportunity to discontinue his voyage after that date: and provided further, that they shall not apply under ninety days after the date of the President's proclamation to a citizen of the United States returning from a foreign State to the United States."

This section has been tightened since the idea was first incorporated in the act of 1936 when Americans were informed that travel on belligerent vessels was at their own risk.

While the original neutrality law had a more or less mild effect in connection with the Italian-Abyssinian war and even the Spanish Civil War, its possibilities for serious consequences are obvious in connection with the Sino-Japanese conflict. In the first place Japan is America's largest customer for raw cotton, while China is America's largest customer for aircraft. The Japanese also are heavy buyers of munitions or materials for the manufacture of munitions in the United States. China is a customer for American motorcars and trucks, certain to be classed as materials of war, also machinery and innumerable other articles; in fact the United States leads in China's foreign trade, her portion exceeding the totals of Japan and Britain combined.

Japanese ships carry thousands of American passengers across the Pacific every year. While invocation of the neutrality law would immediately affect the sale of airplanes and ammunition, it might not affect America's sales of cotton to the Japanese immediately, but it is easy to imagine there would be a grand howl in the United States against shipments of materials of any character that would enable Japan to carry out her program of subjugating China, despite the fact the Japanese have plenty of ships to transport cargoes directly from American ports and the cash to pay for said cargoes. This probably explains why President Roosevelt has delayed the enforcement of the law.

A dispatch from Washington published in the *Japan Advertiser* on July 13 stated that developments in North China had completely replaced the Spanish civil war as the center of journalistic attention. American papers were swamped with dispatches from Tokyo, Peiping and Shanghai, indicating the public's deep interest in the crisis precipitated by the Japanese intervention. In addition to pressure from China and Japan the State Department was also subjected to equally strong pressure from various quarters in Europe, also interested in inducing the United States to take an active stand in the Pacific. This was particularly true on the part of Britain, France and Belgium, which was responsible for rumors that a four power *demarche* would be made to both China and Japan to cease hostilities.

There was deep interest in Secretary of State Cordell Hull's declaration on Friday, July 16, the full text of which was issued to the newspapers in Tokyo by the American Embassy. (For some reason neither the American Embassy or consulates in China issued the note to the local Sino-foreign press although interest here in the declaration of U. S. policy was as great as it was in Tokyo—Ed).

Secretary Hull made no mention of either China or Japan, but merely referred to "disturbed situations" in various parts of the world. He said,

"I have been receiving from many sources inquiries and suggestions arising out of disturbed situations in various parts of the world.

"Unquestionably there are in a number of regions tensions and strains which on their face involve only countries that are near neighbors but which in ultimate analysis are of inevitable concern to the whole world. Any situation in which armed hostilities are in progress or are threatened is a situation wherein rights and interests of all nations either are or may be seriously affected. There can be no serious hostilities anywhere in the world which will not in one way or another affect interests or rights or obligations of this country.

"I therefore feel warranted in making—in fact, I feel it a duty to make—a statement of this Government's position in regard to international problems and situations with respect to which this country feels deep concern.

"This country constantly and consistently advocated maintenance of peace. We advocate national and international self-restraint. We advocate abstinence by all nations from use of force in pursuit of policy and, further, interference in the internal affairs of other nations. We advocate adjustment of problems in international relations by processes of peaceful negotiation and agreement. We advocate faithful observance of international agreements.

"Upholding the principle of the sanctity of treaties, we believe in modification of provisions of treaties, when need therefor arises, by orderly processes carried out in a spirit of mutual helpfulness and accommodation. We believe in respect by all nations for the rights of others and performance by all nations of established obligations. We stand for revitalizing and strengthening of international law.

"We advocate steps toward promotion of economic security and stability the world over. We advocate lowering or removing of excessive barriers in international trade. We seek equality of commercial opportunity, and we urge upon all nations appication of the principle of equality of treatment.

"We believe in limitation and reduction of armament. Realizing the necessity for maintaining armed forces adequate for national security, we are prepared to reduce or to increase our own armed forces in proportion to reductions or increases made by other countries. We avoid entering into alliance or entangling commitments, but we believe in co-operative effort by peaceful and practicable means in suppotr of the principles hereinbefore stated."

Senator Key Pittman , Chairman of the Senate Foreign Relations Committee, voiced the opinion that the United States should only act in concert with the other nine powers that were concerned in the Treaty. He declared, "I do not think that the United States Government is called upon to discuss separately and singly with Japan and China with regard to matters threatening China." Senator Pittman then recalled the strongly worded note to Japan dispatched by the previous Secretary of State, Colonel Henry L. Stimson, in 1931 at the time of the Manchurian incident. He also recalled Sir John Simon former British Foreign Secretary's, refusal to cooperate, because England at that time did not wish to become involved in the Far East. Senator William E. Borah, former Chairman of the Foreign Relations Committee, expressed the opinion that there was nothing in the Nine Power Treaty which obligated the United States to take individual action.

In conversation with newspaper men, following his conferences with the Chinese and Japanese diplomats, it was explained that Secretary Hull's purpose in issuing a 400 word declaration on American policy was twofold:

1. To persuade Japan and China to reach a peaceful adjustment of the North China situation.
2. To strengthen the British efforts to resuscitate the Spanish Non-Intervention system, which has been wrecked by Italy and Germany and is threatened in its recast form by French objections.

Vigorously affirming the sanctity of treaties, Secretary Hull declared that those powers whom treaties fail to satisfy should use an orderly process for their revision, but not force. To powers which are rearming he voiced a warning that the United States is prepared to increase its armed establishment in direct proportion to theirs. Though reaffirming President Roosevelt's stand against entangling commitments, the Secretary of State avowed that the United States was willing to enter into any agreement on disarmament or economic questions.

A dispatch from Washington on July 17 through *Hearst's International News Service* stated that there were indications that President Roosevelt "would be very cautious about applying the drastic terms of the neutrality law to Japan, the largest purchaser of United States cotton or to China, the biggest buyer of United States military aircraft." It was thought that no precipitate step would be taken, at least until Tokyo had digested the implications of the statement of American policy which was given out by Secertary Hull. Secretary Hull's enunciations of principles for modification of treaties by orderly process was believed to have attracted the serious attention of Japanese diplomats, because some of them immediately read into it an intimation that the United States might be willing to discuss modification of the Nine-Power Treaty guaranteeing the territorial and administrative integrity of China and "give Japan special instead of equal rights which the treaties had given to Japan and others in North China provinces." This dispatch claimed that under present circumstances Britain, France and other European powers were eager for concerted action. Secretary Hull's program, however, called for the contrary, though the American course might parallel the course of other nations.

When Senator Pittman was asked whether the neutrality pact was applicable in view of Japan's concentrations in North China, he replied, "Not yet." There was another interesting suggestion in a *Domei* dispatch from Washington on July 16 that as a result of strong pressure upon the President he might be compelled to make representations to Tokyo, "in order to satisfy the pacifists." It was claimed, however, that should such a step be taken, it was not expected that the representations would be of a "strong character." The *New York Times* in the course of an editorial discussion pointed out that the enforcement of the neutrality law would put the United States in the position of a virtual ally of Japan, because the Japanese Navy controls the western Pacific and could assure the receipt of supplies, while China on the other hand has neither ships nor cash.

Dispatches by Japanese correspondents stationed in Washington, which have been published in the Tokyo papers, indicate that serious dissention exists within the State Department as to the course which the United States should pursue with regard to the crisis in North China. K. K. Kawakami, well known Japanese publicist in Washington called attention to the fact that Secretary of State Cordell Hull's pronouncement on policy had not mentioned either the Nine-Power Treaty or the Kellogg Anti-War Pact, "thus indirectly

hinting that the Administration would no longer adhere to the policy followed by the former Secretary of State at the time of the Manchurian incident." Kawakami pointed out that Secretary Hull's declaration had been issued immediately following Dr. C. T. Wang's memorandum requesting invocation of the Nine-Power Treaty. This also, in Kawakami's opinion was "worthy of note," and indicated further that Secretary Hull was not influenced "by the advice of a certain influential person within the State Department who once persuaded Secretary Stimson to take action against Japan." Continuing, Kawakami declared, "Of course, Secretary Hull is conscious of the sanctity of international treaties, but in view of the Nine-Power Treaty and Kellogg Pact, like the Versailles Treaty and League Covenant, are no longer capable of displaying effective force in handling actual issues, Secretary Hull is now taking a more realistic viewpoint .... It appears that Mr. Hull thinks some fresh formula of peace must be devised, but he himself has not discovered as yet any concrete plan for such a formula of solution....At any rate there is an element within the State Department which strongly insists on invocation of the Nine-Power Treaty and in the end Secretary Hull may be influenced by this element....But President Roosevelt is absorbed in the Supreme Court issue and is paying little attention to the North China situation....What action the President will take ultimately is being watched by the whole of America....In case the United State resorts to invocation of the Neutrality Act, it will amount to aiding Japan indirectly, for Japan, without depending on the United States for munitions and ammunitions, would buy the necessary materials from the United States in cash and carry them to Japan on Japanese vessels.... China on the contrary has neither cash nor vessels."

Hamilton Fish Urges Withdrawal of U.S. Armed Forces from China

Withdrawal of all American naval gunboats from Chinese rivers and the Fifteenth United States Infantry from Tientsin was urged in the U.S. House of Representatives July 21 by Hamilton Fish, Republican of New York. "If there is a war between China and Japan we must not be dragged into it through our antiquated policy of maintaining troops and ships in foreign territory," he said. "The time has come to recall all troops and ships and to relinquish our judicial and extra-territorial rights in China."

Fifth Avenue Paraders Disapprove of Policy of Japanese in China

Promenaders on Fifth Avenue, New York's most fashionable downtown boulevard, enjoyed a diversion July 16 when 20 demonstrators marched up and down the sidewalk in front of the building in which the Japanese consulate-general is located, wearing placards denouncing "Japanese aggression" in North China.

Chicago Police Force Flayed in Senate's Riot Report

The Senate committee of inquiry into the steel mill riots in Chicago on May 30, in its report issued July 22 declared that the police had used excessive force and had shown "the most careless indifference to human life and suffering" in breaking up the strike.

Japanese Maintain Three Narcotic Factories in Hankow

BY S. Y. CHI

While friendly powers, under the convention of the League of Nations, are adopting stricter measures to curtail the spread of the narcotic evils in general, and in China in particular, nationals of a "certain country" are reported to be continuously indulging in their illegal pursuit of manufacturing and sale of narcotics in the concessions in the various parts of China where they enjoy the protection of extraterritoriality, in spite of their pledges to suppress the contraband. This condition is further vindicated by an authoritative report carried in the vernacular papers stating that there are three large narcotic manufacturing factories, which are owned by the nationals of a "certain country" in the Hankow concession, capable of turning out an enormous quantity of morphine, heroin and red pills .

The first factory, founded with a capital of $100,000, is capable of turning out 78 ounces of morphine a day, which is sold at $34 per oz. The factory itself is guarded by five armed police of a "certain country." The second one has a daily output of 40 oz. of narcotics and maintains nine wholesale stores, which act as agents of distribution in Wuhan cities and also for Honan and Kiangsi provinces. Both are manufacturing morphine and heroin.

The third factory, which is the largest in China second only to the narcotic plant in Tientsin, is devoted particularly to the manufacture of "red pills." It has a large daily output of more than 1,000 ounces; that means several tens of tons per year. The pills are sold at $3 per oz. The factory employs nine pharmaceutists and a batch of 15 salesmen. All of them, according to press report, are being given proper consular protection.

The same report revealed that a narcotic smuggler was recently caught at Yincheng, west of Hankow, on whose body was found a packet of 15 oz. of narcotics, which was identified to be a "certain country's" manufacture. The convict admitted that drugs of the same kind have been constantly smuggled to the rural cities by bus.

Hankow, July 19, 1937.

Manchukuo Moves Toward Stricter Control of Narcotic Trade

The first important legislation to prevent the evil effects of narcotics on health in Manchuria is nearing completion, a *Domei* message from Hsinking July 12 stated. The State Council of the Manchukuo Government on that date discussed regulations for strict control of trading in narcotics. The new law is expected to be promulgated soon.

Japanese Competition in the Chinese Fishing Industry Discussed in Information Bulletin

The Japanese seem to be following a definite policy which would lead to the ruin of the Chinese fishing industry, according to Lawrence Chen, in the *Information Bulletin* of June 23, published by the Council of International Affairs at Nanking.

The Chinese fishing industry is only casually organized at best, he points out, with the fishermen for the most part taking to the sea only as a subsidiary occupation.

To this type of endeavor the Japanese have opposed a definite effort along China's coast and in Chinese territorial waters, dumping or smuggling their product on the Chinese market.

"The cases of repeated invasions by Japanese fishing vessels into Chinese territorial waters bring us to the conclusion that they represent a deliberate attempt to ruin the Chinese fisheries," he concludes. "In its more far reaching aspect, it represents one phase of the Japanese policy which seeks to secure economic control over China."

Peiping Students Conclude Military Training

After undergoing six weeks of intensive military training at the barracks in Hsi Yuan, more than 4,000 students, representing all the second-year students in local senior middles and sophomores in various Government and private universities, returned to their respective schools in Peiping July 21.

Foreign Schools in China May Purchase Land

Foreign established colleges or schools in China, duly registered with the Ministry of Education and answering certain conditions, are entitled to purchase land—in accordance with a set of regulations promulgated by the Ministry of Education, July 21.

Chinese Students Return from Japan to Avoid Surveillance

Unable to stand the surveillance of Tokyo detectives, more than 100 Chinese students returned to Tsingtao from Japan during the past week.

Japanese Also Demand Withdrawal of South China Troops; Kuling Conference Continues

HIGH LIGHTS IN THE EVENTS OF THE WEEK:

1. **Trouble in South Feared, As Japanese Demand Transfer of Chinese Divison from Swatow.**
2. **All Japanese Must Be Driven from China, Resolves Canton Meeting.**
3. **Japanese Spies Active in Central and South China, Five Executed in Canton.**
4. **Puppet Troops in Chahar Massed at Kuyuan for Renewed Attack on Suiyuan.**
5. **Second Session of "Summer Conversations" at Kuling Opened.**
6. **Yu Hsueh-chung Inducted Into Office as Kiangsu Pacification Commissioner.**
7. **Discovery of Reincarnation of Dalai Lama Confirmed, Panchen Lama Returning.**
8. **Executive Yuan Confirms O. K. Yui as Mayor of Shanghai Municipality.**

While uncertainty still prevails in North China, the Japanese are looking for trouble in the South, says a Canton dispatch to the *China Times* July 22. The Japanese are adopting a hostite attitude toward the 155th Division stationed in Swatow and demanded the Swatow Mayor to transfer it to other points. This move on the part of the Japanese authorities, the report states, arose from the refusal of wharf coolies in Swatow to unload goods from Japanese vessels calling at the port. The "strike," the Japanese alleged, was instigated by the 155th Division. Rejecting the Japanese demand, the dispatch further says, the Kwangtung Provincial authorities have reinforced the troops by sending the 153rd Division to Swatow to forestall any eventualities.

T. Nakamura, the Japanese Consul-General at Canton, called on Dr. Philip Tyau, Special Commissioner of Foreign Affairs for Kwangtung and Kwangsi, July 24. He informed Dr. Tyau that, under the instigation of the Chinese police, the boatmen in Swatow are refusing to transport Japanese goods. The boatmen in Canton are also acting in a similar manner. Mr. Nakamura requested Dr. Tyau to adopt appropriate measures to prohibit such anti-Japanese activities. Dr. Tyau replied that, if the boycott were instigated by the police, such instigation would certainly be illegal. But, if it is a voluntary decision of the boatmen it will be extremely difficult to prohibit.

ALL JAPANESE MUST BE DRIVEN FROM CHINA, RESOLVES CANTON MEETING

A seven-point anti-Japanese resolution was alleged to have been adopted at Canton July 17 at a joint conference organized by the provincial and city branches of the Kuomintang, according to a *Domei* report. The conference was attended by more than 200 representatives from all sections and was called the Anti-Enemy National Salvation Meeting.

The pointts of the resolution follow:

1. All Japanese must be driven from Chinese territory.
2. The racial revolutionary front must be strengthened.
3. The entire nation must be mobilized on the anti-Japanese front.
4. Japanese imperialism must be destroyed.
5. Anti-Japanese maneuvers must be pursued energetically.
6. The territory and sovereignty of the nation must be safeguarded.
7. All traitors must be rounded up.

Despite their ostensible display of anti-Japanese sentiment during the past few days, the Kwangsi military leaders are said to be taking a very caustious stand in order to win what advantages they can from the situation. General Li Tsung-jen and General Pai Chung-hsi, the provincial leaders, held a conference July 17 at Kweilin, at which it is reported that decisions were reached to maintain the guiding principles of opposing Japan and General Chiang Kai-shek.

FIVE EXECUTED IN CANTON AS TRAITORS

An agent provocateur named Chen Kwang, who was employed by a certain quarter to disturb local peace and, order was executed July 22 by order of the Commander-in-Chief's Headquarters of the 4th Route Army, of which General Yu Han-mou is Commander-in-Chief. He was caught while attempting to toss a hand grenade in Canton. Four traitors who were engaged in espionage work in Chaochow, eastern Kwangtung, and were subsequently caught circulating forged banknotes in Changchow and Lungyen, southern Fukien, were also executed by the Chaochow military authorities.

General Tsai Ting-kai, former commander of the 19th Route Army, who had been vacationing at Baguio, has been invited by General Li Chung-jen and General Pai Chung-hsi, Kwangsi military leaders, to visit Kwangsi in the near future, according to a *Reuters* dispatch from Canton. Meanwhile, it is learned that General Tsai intends to proceed to Canton to visit his former subordinates and also to call on General Yu Han-mou, Pacification Commissioner of Kwangtung.

ALIEN SPIES ACTIVE IN CENTRAL AND SOUTH CHINA

Reports have been received that many spies have been sent by "certain quarters" to secure military secrets, photographs and maps in Changchow, Chuanchow and Amoy, south-eastern Fukien. The Fukien Provincial authorities have ordered the local military and police units to exercise strict vigilance against espionage activities.

By order of the Provincial authorities, special measures are being adopted in northern Kiangsu for the protection of railways, highways, bridges, telegraphs and other means of communication so as to prevent subversive elements from disrupting traffic. In cooperation with the local garrison troops, the Peace Preservation Headquarters at Hsuchow and Haichow are jointly attending to the duty of maintaining peace and order along the Tientsin-Pukow and Lung-Hai Railways.

To prevent traitorous elements from taking advantage of the disquieting situation to create trouble, a series of raids were made in Hsuchow by military and police units between 4 and 10 a.m. July 22. More than 10 suspects were arrested and handed over to the Garrison Headquarters for examination.

Since the outbreak of the Lukouchiao Incident, spies have been active in the interior of Honan and Shensi, where, at the instigation of "certain quarters," they have been trying to secure military secrets and spy on troops movements. At Hsuchang, central Honan, a spy named Chin Shao-ching was arrested by the police on the 20th inst. Several photographs of fortified zones were found among his belongjigs.

A conspiracy allegedly under Japanese instigation, to blow up with dynamite the railway bridges at Changsha, Ssulo, Nantsingkang on the Canton-Hankow Railway, has been unearthed as a result of the arrest of a "traitor" by railway guards at Ssulo July 27, according to *Central News*. The "traitor," named Hsu Kuo-hsin, confessed that he belonged to a group of spies trained and sent out by Japanese to do espionage work and to destroy the communication system in the country. At the time of his arrest, he was making plans to destroy the railway bridges at Changsha, Ssulo and Nantsingkang before the end of this month. Other members of the group, he said, were scattered in Changsha, Canton, Hengyang, Yuehyang, Shiukwan, Wuchang, Lochang and other big cities along the railway.

MEASURES DISCUSSED TO PREVENT TROUBLE IN TSINAN AND TSINGTAO

Measures taken by Japan to prevent an aggravation of the North China incident were discussed July 22 at Tsinan by Consul-General Manabu Arino in a three-hour interview with Gen. Han Fu-chu, Chairman of Shantung. Mr. Arino also asked Gen. Han to take special precautions against any untoward developments in the province. Prior to calling on Gen. Han, Mr. Arino received a detailed report on the situation in Shantung from Vice-Consul Shizuka Mochizuki.

In view of the tension in North China, Chinese and Japanese authorities at Tsingtao had both made assurances that the Lukouchiao incident would not affect the peace there. Considerable nervousness prevailed among the Tsingtao populace following reports of Japanese evacuation of points along the Kiaochow-Tsinan Railway to Tsingtao. To alleviate their anxiety, Admiral Shen Hung-lieh, Mayor of Tsingtao, summoned July 24 a meeting of local leaders and informed them appropriate measures had been adopted for maintaining peace and order. Adequate protection, he emphasized, would be accorded to foreign residents in Tsingtao.

Four plainclothes spies—Yang Shen-chien, Wang Chao-chun, Tang Chin-te and Li Tzu-shan—who were arrested at the Peiping east station before the outbreak of the Lukouchiao incident were executed July 23.

In spite of repeated assurances given by both Chinese and Japanese authorities that they are exerting their utmost to maintain peace and order, grave apprehension is being felt by the local populace over the alleged Japanese secret activities in Tsingtao. The Japanese secret service organs there are reported to have recruited more than 130 undesirable elements from the interior districts with alleged intention to disturbet, local peace and order.

After undergoing six weeks of intensive military training at the barracks in Hsi Yuan, more than 4,000 students, representing all the second-year students in senior middles and sophomores in various Government and private universities in Peiping, returned to their respective schools July 20. The training period closed July 20 and the students remained in their barracks for another morning because General Sung Cheh-yuan, Chairman of the Hopei-Chahar Political Council, wished to address them before they dis-

persed. General Sung visited the barracks and made a very spirring address. During the period of training the students lived like ordinary private in the Chinese army.

The resignation of Lei Tze-shang, Municipal Commissioner of Social Affairs of Peiping, has been accepted. He will be despatched abroad on a tour of inspection of the educational systems in different countries. Kuo Kwei-hsuan, assistant Secretary-General of the Hopei-Chahar Pacification Headquarters, has been appointed Mr. Lei's successor.

PUPPET TROOPS MASSED AT KUYUAN FOR RENEWED ATTACK ON SUIYUAN

It is reported that four "Manchukuo" cavalry brigades have concentrated at Kuyuan, and Taliangti in eastern Chahar and at Changpei, in Northern Chahar, and that additional "Manchukuo" troops will be stationed along the Chahar-Jehol Border and at Pu-Lu-Tu-Che-Ssu, preparatory to renewing the invasion of eastern Suiyuan. To cope with the new menace, General Yen Hsi-shan, Director of the Taiyuan Pacification Headquarters, besides telegraphing to the Government troops at the front to strengthen their defence works, summoned Lieut.-General Wang Ching-kuo, Commander of the 19th Army, Lieut.-General Li Fu-yin, Commander of the 68th Division; Lieut.-General Chao Cheng-shou, Commander of the Shansi Cavalry Forces; Lieut.-General Peng Yu-pin, Commander of the 1st Cavalry Division; and Brigadier-Commanders Sun Lan-feng and Ma Yen-shou for a conference when further instructions were given by the Shansi leader.

Strengthening of the defense forces on the Suiyuan border has been ordered by Gen. Yen Hsi-shan, Vice-chairman of the Military Affairs Commission and Pacification Commissioner for Shansi and Suiyuan. Precautionary measures are being taken in view of the thraetening situation in northern Chahar, where, according to reports, four brigaddes of "irregulars" and "Manchukuo" cavalry troops have now concentrated. Gen. Yen summoned a conference July 23 of more than 10 divisional commanders, durnig which he gave instructions for the defense of the provinces.

JAPANESE ATTACK TAIYUAN POLICE STATION, SEVERAL POLICEMEN INJURED

Two police officers and several policemen in Taiyuan, Capital of Shansi, were badly injured by a party of more than 10 Japanese nationals who attacked a police station on July 24, according to a Taiyuan report appearing in the *Ta Kung Pao* July 26. All window panes and doors of the police station were smashed by the Japanese attackers, causing considerable damage to the establishment. The seige of the police station came as a result of a Japanese drivng a car without a license. According to a recent ruling in Taiyuan, in accordance with instructions from the Central Government, all motor car drivers in the city must possess drivers' license. Upon discovering that the said Japanese was without such a paper, the policeman on duty persuaded him to return home. The Japanese, the report says, complied with the policeman's request. A few minutes later, however, he led a party of his fellow countrymen and launched an attack on the police station making good their escape after the fracas. The Taiyuan Police Bureau, the report says, has reported the incident to the Shansi Provincial Government and the Headquarters of the Shansi Pacification Commissioner.

Eight divisions of "Manchukuo" troops reached Shantu July 23 in preparation for a new invasion of Suiyuan, a Pingtichuan message in the *Ta Kung Pao* July 24 stated, On the same day, eight Japanese planes landed at Shantu.

A warning that death penalty will be meted out to anyone who disturbs the currency stability in Taiyuan was given by Chao Tai-wen, Chairman of Shansi, July 26 at a joint weekly memorial service of the Shansi Provincial Government and the Shansi Pacification Headquarters. Mr. Chao emphasized that every precaution should be taken to maintain the economic soundness of Shansi.

In view of the tension in North China, measures have been adopted by authorities in Kiangsu, Chekiang, Hupeh, Hunan, Shansi and other provinces to ensure peace and order in thei respective provinces in case of emergency. Dr. Chu Chia-hua, Chairman of Chekiang, at the memorial service July 21, appealed to the public functionaries to stand solidly behind the nation's leader, Gen. Chiang Kai-shek, in preparing for the worst. Peace and order in Kiangsu and Hunan are under well control of the peace preservation units of the two provinces.

For the second time in two days, a Japanese airplane flew over Loyang July 26 at a high altitude and left in an easterly direction after circling over the city. It was seldom that a Japanese army plane flew as far interior as Loyang, which is an important city on the Lunghai Railway in western Honan.

Unable to stand the surveillance of Tokyo detectives, more than 100 Chinese students have returned to Tsingtao from Japan during the past few days.

AMERICAN EDUCATORS LEAVING PEIPING FOR WORLD CONFERENCE IN TOKYO

A group of American educators, headed by Dr. A. Milan, who had been visiting Peiping since July 20, left for Korea July 27 by train en route to Tokyo to participate in the World Education Conference. The party, who during their stay in the old Capital had been widely entertained by local Chinese educators will make two days' stopover at Seoul. In Japan after participating in the Tokyo conference from August 27 they will visit several Japanese cities before returning to the United States. Dr. Milan, in a press interview July 25, described the party's two week stay in China as most memorable and expressed their deep gratitude for the hospitality and cordiality displayed by the Chinese. The party, Dr. Milan said, was particularly impressed with China's rapid progress in various fields of reconstruction work. Dr. Milan declined to comment on China's withdrawal from the Tokyo conference and the present Sino-Japanese impasse in North China. She, however, regretted the absence of China's representatives at the forthcoming conference.

GENDARMERIE HEADQUARTERS FOR LANCHOW TO BE ESTABLISHED

In view of the tense North China situation, a Gendarmerie Headquarters will shortly be established in the Lanchow area, *Central News* reported July 25. Gen. Teng Pao-shan, Commander of the Reorganized First Division, is slated for the post of Commandant.

Lin Sen, Chairman of the National Government, left Kuling for Nanking aboard the gunboat *Yungsui* July 26. He arrived in the capital July 27.

Sun Fo, President of the Legislative Yuan, who made a hurried visit to Nanking July 26 to confer with Generlaissimo Chiang Kai-shek on "important matters," returned to Shanghai the following morning. After remaining here for a short time, Mr. Sun is expected to sail for the South, *Central News* reported.

After a hurried visit to Nanking in the morning of July 25, T. V. Soong, Chairman of the Board of the Bank of China, returned to Shanghai shortly after 5.30 o'clock in the afternoon by plane. While in Nanking, Mr. Soong had an interview with Gen. Chiang Kai-shek, President of the Executive Yuan.

SECOND SESSION OF "SUMMER CONVERSATIONS" AT KULING OPENS

Unaffected by the North China situation and the departure of General Chiang Kai-shek for Nanking, the second session of the "summer conversations" was inaugurated at Kuling July 26 with a large number of nigh government officials and educators attending. With Wang Ching-wei, Chairman of the Central Political Council, as the chief speaker who made a detailed report on China's foreign relations, the session centered its discussions on the present crisis in North China. An exchange of views on the Sino-Japanese situation in North China was then held. Hung Shen, well-known playwright, asked for an explanation of the actual situation, both military and diplomatic, in North China as well as the relation thereto of the so-called "Ho-Umetsu" agreement. Mr. Wang thereupon gave a historical review of the conclusion of the Shanghai-Woosung Truce and the Tangku Truce and also explained the North-China crisis in 1935. The temporary compromise for peace in 1935 adid not constitute a Treaty, he declared. Mr. Hung then raised the question of the detention of the seven leaders of the so-called "All China National Salvation Association" in Soochow. Chen Pu-lei replied that since the case is *sub judice*, it should be left to the decision of the Court.

CHINA'S EDUCATIONAL PROGRESS REVIEWED BY WANG CHING-WEI AT KULING MEETING

Various educational problems were discussed at the final meeting of the first group of university professors and civic leaders at Kuling July 20. Wang Ching-wei, Chairman of the Central Political Council, who presided, said that, owing to the gravity of the national emergency, the educational leaders throughout the country have made special efforts for the promotion of education, with the result that considerable improvement has been made in educational methods. In order to provide the country with men of talent to shoulder the responsibility of national reconstruction, Mr. Wang added, efforts for the promotion of education should be redoubled. Mr. Wang then drew special attention to the following problems: (1) Free education; (2) Mass education; (3) Normal training; (4) Secondary education; (5) Vocational education; (6) Higher education; (7) Special education. According to General Chang Chun, Secretary-General of the Central Political Committee, the discussions with the first group of civic leaders having now been concluded, the results will be submitted to the Government for reference. The 2nd and 3rd groups will meet according to schedule.

"SUPERIORITY OF STATE" ADVOCATED BY DR. HU SHIH IN NATIONAL EDUCATION

The national defence education is not unusual but a normal form of education, Dr. Hu Shih, Dean of the College of Arts and Letters of the National Peking University, Peiping, said during the "summer conversations" at Kuling July 20. The central theme of education, he added, should be the "superiority of the state" over other things. He maintained that public functionaries should not hold such concurrent posts as presidents or chairman of board of trustees of either public or private schools.

That leaders from various fields in the country are on a united stand toward the affairs of the state was the impression gathered from the "summer conversations" by Dr. Herman Liu, President of the University of Shanghai. Dr. Liu, who has just returned to Shanghai from Kiangsi, declared that all the participants in the

conversations, though from different places and engaged in different occupations unanimously regarded the state as superior to all and demonstrated their willingness to cooperate in confronting national crisis. He was especially impressed by the determination of all leaders to resist alien aggression.

General Chang Chun, Secretary-General of the Central Political Committee, and General Wu Te-chen, Chairman of the Kwangtung Provincial Government, arrived at Nanking July 22 from Kuling via Kiukiang by airplane. General Wu will leave for Canton in a few days. Dr. Chiang Mon-lin, President of the National Peking University, also arrived from Kuling. Three educational leaders from Kwangtung arrived at Nanking from Canton en route to Kuling to participate in the conferences. They are Lu Sze-tseng, Chen Pin-chuan and Chang Ching-yao, respectively Presidents of the Hsiang Chin, Canton and Kuo Min Universities.

MORE SHANGHAI LEADERS LEAVE FOR KULING TO ATTEND "SUMMER CONFERENCE"

Another group of prominent Shanghai business and professional men are leaving for Kuling to attend the second session of the "summer conversations" which is scheduled to open at the resort shortly. Invited to attend the meetings are O. S. Lieu, Managing Director of the China Match Company; William Gockson, Managing Director of the Wing On Company; Yung Chung-chin, textile and flour magnate; P. K. Woo, Managing Director of the Tien Lee Synthetic Nitrogen Products Company; and Wu Shih-yuan, Managing Director of the Oppel Electric Manufacturing Company. Already on their way to Kuling are Wu Nan-hsien, Vice-President of Fuh Tan University, Wu Cheh-lin and a number of other well-known educators of the city. Y. M. Chien, Assistant General Manager of the Joint Savings Society; and Wang Pai-chun, President of the Great China University have already left for Nanking en route to Kuling to attend the meetings.

DR. KUNG HAS PRIVATE DINNER WITH LEITH-ROSS

Dr. H. H. Kung, Chinese Finance Minister, dined in strict privacy July 21 with Sir Frederick Leith-Ross, financial adviser to the British Government who, in 1935, made a tour of the Far East, according to a *Havas* report. Although not participating in official ceremonies during his present stay in London, Dr. Kung made an exception to this rule in order to attend a garden party given that afternoon by King George VI and Queen Elizabeth at Buckingham Palace. He was to leave London by airplane shortly for Paris, where he will spend only a few days before going to Bad Nauheim, in Germany, for a rest cure which he wished to take before he left Europe for the United States to negotiate the accord regarding the exchange of Chinese silver for American gold.

DR. KUNG HONORED WITH LL.D. DEGREE BY YALE UNIVERSITY

Among the recipients of the honorary degrees of Doctor of Laws at Yale University July 23 were two acknowledged statesmen of the World, namely, Dr. H. H. Kung, China's Minister of Finance and Vice-President of the Executive Yuan, and Cordell Hull, American Secretary of State. Dr. Kung received his degree towards the end of the list, thus being marked as one of the outstanding recipients. He obtained his M.A. degree at Yale in 1907 following his graduation at Oberlin College. Professor William Lyon Phelps in presenting Dr. Kung to Dr. James Rowland Angell, President of the University, for the honor, said inter alia: "It is unnecessary to continue with the list of his important positions; it is clear that whenever there was a particularly unpleasant or difficult job, Dr. Kung got it," and concluded with the remark: "The career of this statesman and educator and financier is a striking illustration of what can be accomplished in a vast country in a confused period of history, by one man." In conferring the honorary degree upon Dr. Kung, President Angell addressed him thus: "An eminent representative of the new China whose armor you are helping to forge, that she may take her rightful place in the family of nations. Your alma mater desiring to recognize your own brilliant services and not less the noble effort of a great sister republic to establish peace and order within her borders, confers upon you the degree of Doctor of Laws, admitting you to all its rights and privileges." The previous day Dr. Kung in reply to an inquiry from the American press explained that he had just completed arrangements for the settlement of the Pacific Development Bank Loan, amounting to about $5,000,000 in United States currency, thus carrying further the programme of resumption of service on China's external loans and the re-establishment of China's credit abroad. Since his accession to the office of Finance Minister in 1933, he has arranged for the settlement of ten foreign loans.

MINISTER OF NAVY RETURNS TO SHANGHAI BY PLANE

Cutting short his investigation trip in Europe in view of the tense North China situation, Admiral Chen Shao-kwan, Minister of Navy, returned to Shanghai by plane at 3 p.m. July 28. Admiral Chen, who attended the British Coronation in London in May as China's Deputy Delegate, flew back to Hongkong July 27 from Europe and continued his journey back to Shanghai the next morning aboard an Eurasia plane. Less than an hour after his arrival Admiral Chen boarded the 4 p.m. express for Nanking.

With the approval of the Supreme Court, Wen Mao-kuan, one of the accused involved in the assassination of the late Yang Yung-tai, former Chairman of Hupeh, was released on bail July 26 the Detention House of the Wuchang District Court, on account of illness. The Wuchang District Court previously announced its decision not to exercise jurisdiction over Wen on the ground that he is in active military service and should therefore be tried by a military tribunal. Wen appealed to the Supreme Court against the decision of the District Court. Before the ruling of the Supreme Court had been handed down, Wen was taken seriously ill. His request for release on bail was therefore granted by the Supreme Court.

O. K. YUI APPOINTED MAYOR OF GREATER SHANGHAI

The Executive Yuan appointed July 27, O. K. Yui to be Mayor of Greater Shanghai in succession to General Wu Teh-chen, who was transferred to Kwangtung as Chairman. Mr. Yui has served as Acting Mayor since General Wu's departure. A native of Hsinbui, Kwangtunn, Mr. Yui is 41 years old. He received his education at St. John's University, Shanghai, and worked for a time as a newspaperman being the star reporter and Staff writer of the "Evening Star," predecessor of the Shanghai Evening Post. Shortly afterwards, he entered government service, serving at one time as secretary of the Minisity of Foreign Affairs of the Wuhan Nationalist Government. Later he became a secretary of the City Government of Greater Shanghai, a senior counsellor and acting commissioner of finance. In 1930, he was promoted secretary-general, a post he held for seven years until his appointment in March as the acting mayor.

O. K. Yui

LIU HSIANG ORDERS REORGANIZATION OF SZECHWAN-SIKONG TROOPS

Immediate reorganization of Szechwan and Sikong troops, details governing which were recently decided upon at a military conference at Chungking, has been ordered by Gen. Liu Hsiang, Pacification Commissioner for the two provinces. Detailed instructions regarding the reorganization were given out to the various divisional commanders at a conference held at Chengu July 23 with Gen. Liu in the chair. Gen. Liu Wen-hui, chairman of the Organization Committee for Sikong, left for Ya-an after the conference to supervise the reorganization of the 24th Army in Sikong.

Gen. Chiang Kai-shek, Chairman of the Military Affairs Commission and President of the Executive Yuan, has instructed the Farmers Bank of China at Chungking to advance $2,000,000 to the Szechwan-Sikong Rehabilitation Commission to finance its rehabilitation program. One half of the advance, it is understood, will be used to clear up the pay of Szechwan and Sikong troops which had long fallen in arrears.

For the unification of military administration, the various arms repair workshops under the Pacification Headquarters for Szechuan and Sikong have been turned over by General Liu Hsiang, the Pacification Commissioner, to the deputies of the Central Government in accordance with the resolution of the Szechuan-Sikong Military Affairs Readjustment Committee. Instructions have also been given by General Liu to the air forces attached to the Pacification Headquarters for transfer to the jurisdiction of the Aviation Commission of the Central Government.

YANG HU-CHEN, FORMER SHENSI LEADER, EXPLAINS SIAN COUP

Gen. Yang Hu-chen, Pacification Commissioner for Shensi Province at the time of the Sian coup last December and one of the ring-leaders in the plot to detain General Chiang Kai-shek, in an address at the Commonwelath Club in San Francisco July 19 said the Sian affair was based on a patriotic movement to save China, said a *United Press* message. The officers who participated in the coup believed China could be saved only by adoption of a strog policy and resistance of Japanese aggression, he said. "The Chinese now are compelled to fight for their very existence," he added. He reasserted his belief in the doctrines of Sun Yat-sen and accused Japan of "flagrantly violating the Covenant of the League of Nations, the Nine-Power Treaty, the Kellogg Pact and other agreements designed to guarantee China's sovereignty and territorial integrity."

YU HSUEH-CHUNG INDUCTED INTO OFFICE AS KIANGSU PACIFICATION COMMISSIONER

General Yu Hsueh-chung was formally inducted into office at Chingkiangpu, Northern Kiangsu, July 21, as Pacification Commissioner for Kiangsu. Tan Chen, Vice-president of the Judicial Yuan, Lu Chao, Chief Counsellor of the National Government, and General Chen Tiao-yuan, President of the Military Advisors

(*Continued on page 332*)

General Sung Cheh-yuan Sends Resignation to General Chiang, Proceeds to Paoting

Incorrect reports of Chinese successes in the North China war resulted in the Chinese population of Shanghai and Nanking July 28 going into transports of joy, and celebrating with a vociferous fusilade of firecrackers. The reports stated that the Chinese had recaptured Fengtai and Tungchow, and that the East Hopei Autonomous Government had collapsed, which proved to be absolutely incorrect.

Fighting broke out at 2 a.m. July 29 between the 38th Division and the Japanese troops in the most populous area between the Tientsin East and Tientsin City railway stations. Artillery fire was heavy at 5 a.m. Gen. Sung Cheh-yuan, who the previous day had sent his resignation to General Chiang, was reported to have gone to Paoting.

JAPANESE reinforcements continued to pour into North China during the week, both by land and by sea. Thirty more Japanese planes arrived in the Peiping-Tientsin area July 27, bringing the total number of Japanese war planes ready for service in North China to 62. The Japanese military party is using three well-known arguments in support of their aggressive operations, namely that the Chinese generally have shown "insincerity," that they (the Japanese) are entitled to take appropriate measures in "self-defense," and that they wish to safeguard free communication between Peiping and Tientsin, as stipulated in the Boxer Protocol of 1901.

As against the Japanese contention, the Chinese nation, with General Chiang Kai-shek in the lead—seeing the futility of various compromise measures, the net result of which was only to impel the Japanese military forces to greater aggression—has come to the conclusion that the limit of endurance has been reached, and that therefore there is only one alternative left, namely to resist. A spokesman of the Ministry of Foreign Affairs at Nanking July 27 stated that Japan had made impossible demands and China had exhausted her efforts to maintain peace. In conclusion the spokesman said: "The responsibility rests solely with Japan." A *Central News* message from Peiping July 27 said that beginning from that date, the Chinese authorities in Peiping had decided to reject all unreasonable Japanese demands, for they were finally convinced that the crisis had reached the "limit of endurance," and in consequence were prepared to engage the Japanese in a war of resistance.

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Japanese Airbomb Barracks at Hsiyuan and Nanyuan

Forces under the command of Lieut. Col. Sakaguchi started operations against the Chinese barracks at Hsiyuan 3 miles northwest of Peiping, at 5.30 a.m. July 28, a communique issued by the headquarters of the Japanese Garrison in Tientsin stated. The Nanyuan barracks, south of Peiping, were subjected to an aerial bombing at 6.20 a.m. the same day. Large losses were said to have been inflicted on the Chinese troops.

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Japanese Occupy Lanfang Station—First Use by Japanese of Bombing Planes

Japanese soldiers July 26 occupied the railway station at Lanfang, midway between Peiping and Tientsin, following a clash with Chinese troops in which the Japanese, for the first time since the present crisis in North China, used bombing planes.

The Chinese troops, who numbered about 1,500, withdrew to Huangtsun, 10 miles south of Fengtai, after a battle lasting more than eight hours, during which they were subjected to two raids from the air. It was after the second aerial attack that the Chinese troops evacuated Lanfang, which was promptly occupied by the Japanese.

In consequence of the seizure of Lanfang, the Japanese have strengthened their grip on the North China railway system.

Meanwhile, the Japanese have indicated that they will not tolerate the presence of Chinese troops at Huangtsun and have insisted that they withdraw to Kuan, west of the Yungting River.

Many buildings in Lanfang were wrecked as a result of the engagement. The Chinese casualties are estimated at several hundreds killed and wounded, including a number of civilians.

Tokyo advices stated that the Japanese casualties were four soldiers killed and nine wounded.

The trouble at Langfang started at 7 p.m. July 25 when over 200 Japanese soldiers arrived by special train and attempted to station themselves at the railway station. Chinese troops belonging to the 38th Division, which is under the command of General Chang Tzu-chung, however, objected to the Japanese attempt to station troops at Langfang, saying that misunderstandings might occur were the two forces stationed at such close distance. The Japanese, however, insisted on carrying out their plan and fired machine guns to demonstrate their determination.

The deadlock continued until 11 at night, when the Chinese forces, angered at the repeated Japanese provocation, returned the fire.

Central News stated that the Japanese in bombing Langfang used a total of 17 planes, these being reinforced by machine guns, trench mortars and tanks. The planes made two raids during the forenoon, dropping a large number of incendiary bombs.

Domei mentioned as an incident of the bombing operations that Chinese soldiers had fled into kaoliang fields, thus making a continuance of bombing operations almost impossible.

Chinese casualties at Langfang were estimated by *Central News* at over 1,000, including troops and civilians as a result of the Japanese air raids that morning.

Great astonishment was caused in Tokyo by the fact that the Chinese troops involved in the Langfang fight belonged to the 38th Division under General Chang Tzu-chung, who played an important role in the negotiations between the Chinese and Japanese authorities in North China since the Lukouchiao affair. It was recalled by Japanese that the 38th Division had been faithfully obeying the orders of their commander, and had shown no hostility towards Japanese troops, since the Lukouchiao incident.

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500 Japanese Break Through Gate Into Chinese City at Peiping

A clash between Chinese and Japanese troops occurred on the evening of July 26 at the Kwanganmen (Changyimen), one of the west gates of Peiping, when about 500 Japanese troops arrived at the Kwanganmen from Fengtai and demanded entry through the city gate. After negotiations between the Japanese officer in command of the detachment and the Chinese troops stationed at the gate, it was finally decided that 150 Japanese troops should be permitted to enter. Before half of the 150 Japanese troops had entered the gate, however, fighting started. The gate was quickly closed, and the Japanese troops were surrounded.

Central News said the clash at Kwanganmen was precipitated by the Japanese. About 500 Japanese soldiers arrived immediately outside the city gate from Fengtai in the afternoon. Later about 7.30 o'clock 150 of them demanded entrance. As they were led by Col. Sakurai, who is concurrently adviser to the Hopei-Chahar Political Council, they were permitted to enter the city.

However, as soon as a part of the soldiers got into the city they started to fire at Chinese guards who had to shut the gate again and used hand grenades to check the late comers.

Finding their way suddenly blocked by the alert Chinese defenders, Japanese troops started shelling toward the Kwanganmen area, causing, however, only slight material damage.

Domei stated that heavy casualties were sustained by the Japanese forces as a portion of the Japanese detachment was trapped between the inner and the outer walls, subjected to a withering rifle fire, and showered with hand grenades.

The hostilities opened almost to a minute four hours after the Chinese authorities at Peiping had received a Japanese ultimatum, demanding the withdrawal of the Thirty-Seventh Division units from Peiping and vicinity within 48 hours.

Japanese Advisers to 29th Army Injured in Kwanganmen Encounter

One of the anomalies incidental to the situation in North China is that the Twenty-Ninth Army has attached to it several Japanese advisers. One of them, Lieut.-Col. Sakurai, was taken to a Japanese military hospital in Peiping, where, from a cot, with his right foot in a plaster cast and his left thigh swathed in bandages, he gave *Domei* a glowing account of his narrow escape from death during the Kwanganmen encounter. A Japanese spokesman at Tientsin July 27 stated that among the casualties during the night-long fighting at Kwanganmen at Peiping were two of the Japanese advisers. Three *Domei* correspondents were also wounded in the course of the fighting.

Japanese Troops Invade Paoantui Headquarters at Tientsin, But Retire

A detachment of armed Japanese troops, riding in two trucks, drove through the Italian area of Tientsin on the morning of July 25 and entered the courtyard of the Peace Preservation Corps' headquarters, demanding admission. The demand was refused whereupon the Japanese troops retired.

Tsaiyuchen Also Bombarded by Japanese

Tsaiyuchen, some 20 li from Langfang, was also bombarded by eight Japanese bombers at 6 a.m. July 26.

Domei alleged that the Chinese brigade which took part in the Langfang engagement produced documents showing the existence of plots, "hatched by the Central Government," to blow up Japanese military trains, "to bombard Tientsin," and to cause other "anti-Japanese outrages."

Practically All Houses in Wanping Said Demolished

Tragic scenes of ruin and desolation in the walled city of Wanping tell the grim tale of the merciless shelling by Japanese troops last Tuesday, according to a *Central News Agency* correspondent who made a tour to Wanping, Lukouchiao and Changsintien July 23. As a direct result of the firing of at least 500 shells by the Japanese, reported the correspondent, practically all houses in Wanping were demolished. The office of the Special Commissioner of Wanping and the police station were also badly damaged, while the streets were strewn with dead bodies.

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Japanese Airbombing of Tungchow Results in Heavy Slaughter of Chinese

On July 27, Colonel Takashi Kayashima ordered the 800 hundred soldiers forming the 29th army garrison at Tungchow, the seat of the East Hopei Autonomous Government, to disarm. When they refused to do so, the Japanese began an attack both by land and air. Unconfirmed reports, quoted by *Domei*, said the Chinese dead and injured were between 400 and 500. One Japanese officer and more than 10 Japanese soldiers were either killed or wounded, according to the meagre reports available.

Sporadic fighting broke out late in the afternoon of July 27 at Tuanho, a small own near Nanyuan, which was the scene of a rifle and artillery duel between Chinese troops under Gen. Chao Teng-yu, Commander of the 132nd Division, and Japanese forces. Fighting broke out at four o'clock in the afternoon and was still in progress at 6.30 o'clock in the evening.

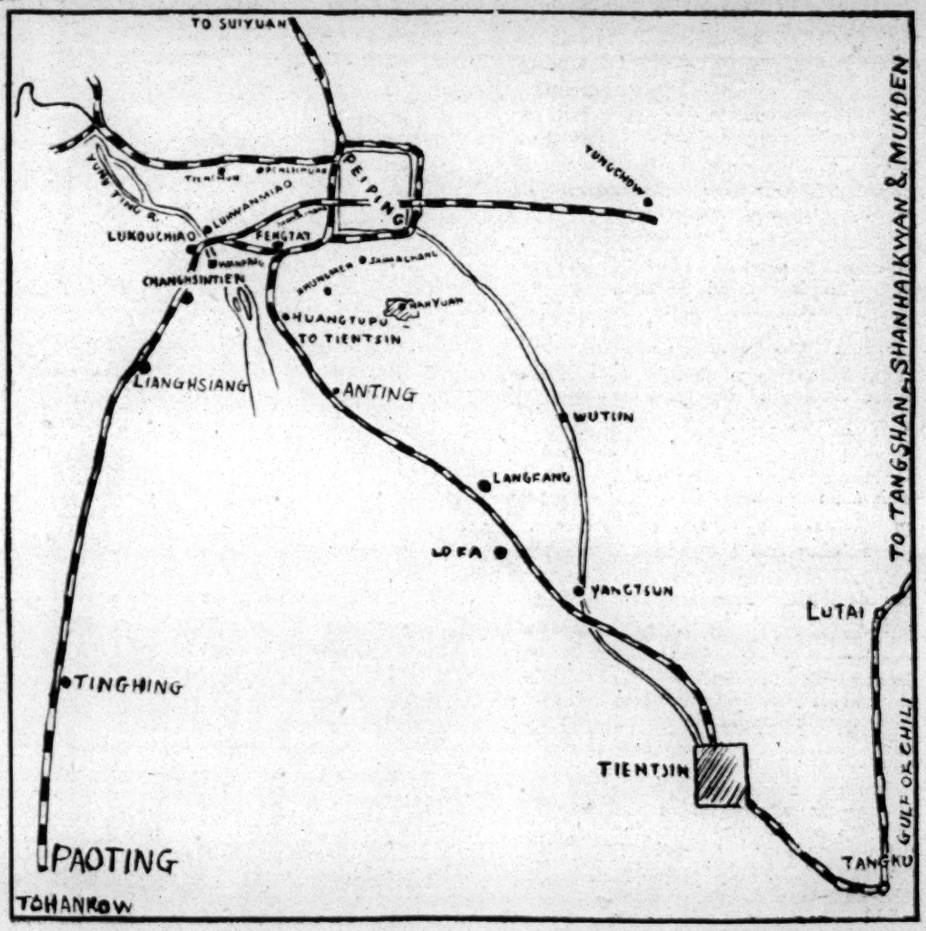
Throughout the day, Japanese planes flew over Peiping and the Chinese positions outside the city, one of them dropping bombs at Lukouchiao at noon.

Japanese Concession at Tientsin Becomes Main Center of Operations

The Japanese Concession at Tientsin is one of the main centers of Japanese military operations. The Japanese Bund has been sealed up by troops, sand bags and wire entanglements have been erected in the streets bordering on the Japanese area and the Chinese city; the ferry service is stopped and the iron gates are closed. Japanese troops on July 27 completely occupied the Tientsin east, central and west stations. An office of the Japanese military has been set up in the waiting room of the east station. All the staff members of the west station were evicted.

Eight Japanese censors forced their way into the Hopei District Head Post Office in Tientsin and demanded the opening and examination of mail matters. The Japanese were accompanied by a number of gendarmes with fixed bayonets. Despite the protest of Mr. Caretti, Director of Posts for Hopei, the Japanese chose to remain inside the premises and started to examine all incoming and outgoing mails. The present military situation, they explained, warranted their action in censoring all postal matters going through Tientsin.

All telegraph wires connecting Peiping with the outside world were cut with the exception of one to Tientsin. All telephone communication is interrupted. Peiping Japanese residents have been evacuated from their homes and shops throughout the city to the Legation Quarter.



Evening Post Map

Map Showing Scene of Fighting in Peiping Area, with Particular Reference to Rail Communications. It is the evident object of the Japanese to Control all Railway Junctions.

Steady Stream of Japanese Troops Arrives in North China by Land and Sea

Up to July 23, 48 Japanese troops trains had arrived at Tientsin from Shanhaikwan. More than 50 heavy trucks of ammunition were sent by the Japanese from Tientsin to Fengtai July 22.

Three Japanese transports carrying troops from Japan arrived at Taku Bar July 23. The troops disembarked into lighters, which conveyed them to Tangku.

Large quantities of ammunition and military supplies were rushed by the Japanese military from Tientsin to Fengtai July 24.

Altogether 78 truck loads of Japanese soldiers with supplies of ammunition were rushed from Tientsin to Fengtai July 25 by the Peiping-Tientsin Highway.

Three Japanese steamers, fully loaded with ammunition, arrived at Tangku July 25 in the morning and two others in the afternoon. Day and night maneuvers are being held by the Japanese troops at Tangku.

Seven field-guns, drawn by horses and with an escort of 100 troops, proceeded on the highway from Tientsin to Peiping July 22. Japanese military supplies were being unloaded on the north bank of the Hai Ho, while Chinese troops are all gathered on the south of the river.

In addition to the Kwantung Army, no less than eight divisions of Japanese troops have been ordered to North China since the outbreak of the Lukouchiao incident, according to usually reliable information received by *Central News* at Nanking July 23. Two divisions of the Japanese Kwantung Army were concentrated at Kupeikow and along the Jehol border, according to a Peiping message in the *Central Daily News* on the same date.

Fifty army planes took off from Japan for North China July 22, according to *Central News*.

Japanese Troops Commandeer Carts in Tientsin

To meet the large demand for vehicles for military transport, 1,000 carts were commandeered at Tangshan July 26 by Japanese troops. The wagons were escorted by Japanese soliders to Tientsin.

Chinese Pedestrians Hurt in Bomb Explosion in Tientsin Japanese Concession

Seven Chinese pedestrians, including a peddler, were injured in a bomb explosion on Suma Street in the Japanese Concession at Tientsin during the night of July 26, by a bomb dropped from a speeding Japanese military truck, loaded with ammunition.

17 Japanese Planes Fly Over Peiping and Nanyuan

Japanese army planes commenced flight in mass formation over Peiping July 21, causing no little uneasiness among the local populace. In four units, 17 Japanese planes zoomed over the city and Nanyuan flying very low. After circling over the city several times, the squadron left in the direction of Lukouchiao.

Japanese scouting planes circled over the railway station and airdr me at Paoting, provincial capital of Hopei, at 8 and 11 a.m. July 22. Another machine reconnoitered over the city at 1 p.m.

Entire Japanese Brigade Stationed in Fengtai

The entire 40th Brigade of the Japanese army under the command of Yamashita, comprising 6 mixed regiments, was stationed in Fengtai and billeted in Chinese inns and bath-houses, according to military information received in Nanking July 21.

Tension in North China Becomes More Pronounced Day by Day

Messages from special correspondents in Peiping of Chinese newspapers July 24 carried the impression that although the tension in North China had eased outwardly, the situation as a whole had not been improved, if not worsened. The correspondent of the *Central Daily News* stated that the Japanese troops in North China will "take further action as soon as the transfer of the 37th Division is completed." According to the *Morning News* correspondent, there was not the faintest sign of the demobilization and withdrawal of the Kwantung Army units from North China. The message also mentioned the continual erection of defense works by the Japanese troops around Fengtai, the building of additional barracks, and the construction of more airdromes.

General Ho Urges Northwest People to Be Prepared for War

The populace of the Northwestern Provinces were called upon by General Ho Chu-kuo, Deputy Director of the Generalissimo's Headquarters at Sian, to be prepared for any emergency n a radio broadcast on the night of July 21.

⁂

Central Government Forces Moving Northward, "Shanghai Nippo" Reports

Upon the instructions of the Nanking Government, the Central Government Forces are continually moving northward, the *Shanghai Nippo* July 23 said. The following military movements were listed.

1.—The main forces of the 58th Division under Yu Tsi-shih, stationed at Wuhan, moved towards Kaifeng via Hankow on the 17th and 18th inst., while the rest of his troops left Hsiaokan (孝感) for the north by train on the 20th and were later massed at Shihchiachuang.

By Sapajou in the North China Daily News.

Knock! Knock!
Who's There?
Japanese!
Japanese What?
Japan—Is—Friendly!

2.—The newly organized 8th Division, stationed at Tangshin (湯新) and Taiyeh (太冶) of Hupeh Province, moved to Chengchow on the nights of the 17th and 18th.

3.—The 59th Division at Kweichow reached Hankow on the 19th and moved towards Chengchow.

4.—The 67th Division of the Kwangsi Army started to leave its posts for the north on the 15th, 16th, and the 17th.

5.—The 27th Division, which arrived at Hankow from Hunan, left for the north on the 20th.

6.—Upon the instructions of the Central Government, 70 military planes massing at the Hsiaokan airdrome in Hupeh have during these several days, flown over the nearby areas for demonstration.

Messages from Nanking during the night of July 27 reported that Central Government troops were moving up from Paotingfu, capital of Hopei Province, along the Peiping-Hankow Railway to Changsintien, near the entrenchments of the vanguard of the Japanese forces in the area.

Large Quantity of Medical Supplies Brought to Paoting for Wounded Chinese Soldiers

A large assortment of medical supplies, including 200,000 emergency kits, quinine tablets, anti-cholera drops, and bandage materials, arrived in Paoting July 24 from Nanking for the use of Chinese soldiers wounded during the recent hostilities in Lukouchiao. These articles were brought personally by Huang Ching-wan of the National Health Administration.

⁂

29th Army Prepares to Defend Peiping

Peiping, practically cut off from communication with the outside world, surrounded by Japanese troops, was feverishly preparing during the night of July 27 for the expected siege. The 29th Army was in readiness for action, behind sandbag barricades, with all gates, except one (the Chienmen) closed. All entrances to the east and west railway stations were heavily barricaded.

There was a general exodus of such Japanese residents as still remained in the former capital, to the Legation quarter. One-third of the 5,000 Japanese subjects residing in Peiping had withdrawn to the Legation Quarter by 9 a.m. July 27. Chinese seeking admittance to the Legation Quarter were subjected to questioning by the police and were allowed to enter only when satisfactory answers as to their destination and business were made. The Japanese and German Embassies have ordered their respective nationals to concentrate in their embassy grounds.

Gen. Yu Hsueh-chung's Troops Reach Tsinan

A *Domei* message from Tsinan July 27 stated that one thousand men, belonging to the former Northeastern Army of Gen. Yu Hsueh-chung, had arrived there by rail the previous night and took stations at the Hsinchwang barracks. Units of the Shantung Provincial Army, commanded by Gen. Han Fu-chu, were meanwhile being shifted around to accord the greatest possible protection to Shantung's northern border and main railways.

Chinese in British Malaya Promise to Contribute $10,000,000 to War Chest

A sum of $10,000,000 was promised by overseas Chinese in Brit Malaya as their share toward a "war chest" in the event of ish no-Japanese war, it was learned in Nanking, July 21.

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"Domei" Recites Terms of Hashimoto-Chang Accord

Seven points, only two of which referred to new issues, were contained in the detailed agreement concluded July 19 between Major-Gen. Gun Hashimoto, chief of staff of the Japanese forces in North China, and Gen. Chang Tzu-chung, mayor of Tientsin and leading figure in the Hopei-Chahar Council, according to a *Domei* message from Tientsin July 23.

These two new issues were:

1.—The voluntary withdrawal of the Chinese Thirty-Seventh Division from Peiping and its vicinity, including the Wanping area, focal point of the present Sino-Japanese tension.

2.—The dismissal of Chinese officials of avowed anti-Japanese tendencies.

The five other points, it was understood, formed a recapitulation of the previous Sino-Japanese accords such as the Tangku truce, the agreement concluded in July, 1935, between Lieut.-Gen. Yoshijiro Umetsu, the then commander in chief of the Japanese forces in North China, and Gen. Ho Ying-chin, Chinese War Minister, and the agreement reached in 1934 between Lieut.-Gen. Kenji Doihara, the then chief of the Kwantung Army's special service section, and Gen. Chin Teh-chun, Mayor of Peiping.

These provided for, among other things, the rooting-out of Hopei branches of the Kuomintang, the Blue Shirts and the C.C. Society, the latter two terroristic societies pledged to the defense of the regime of Gen. Chiang Kai-shek.

Also to be banned were anti-Japanese education and anti-Japanese publications and activities. The accord of July 19 was concluded to implement the three-point truce accord of July 11, it was stated.

The Tokyo War office July 23 officially revealed the terms of the accord reached on July 19. *Domei* said the War Ministry's announcement "lifted a veil of secrecy." But it would appear that the veil was not entirely lifted. The Chinese pledges, "made in writing," were described by the Army's communique as follows:

1.—Expulsion of officials whose activities hinder friendly relations between Japan and China;

2.—Complete suppression of Communist activities in North China;

3.—Complete suppression of the anti-Japanese movement, groups and education.

The War Office, the communique said, was also informed by the Japanese Garrison in Tientsin that the authorities of Hopei and Chahar agreed to tender a formal apology and to punish officials responsible for the Lukouchiao incident.

Actual Accord Said to Specify Individuals and Organizations

A *Domei* message from Tokyo July 22 said that the Chinese and Japanese military authorities in North China had agreed to withhold from publication the terms of the detailed agreement reached on July 19, in order to ensure its smooth execution. The accord, it was learned, specifies the individuals and organizations involved in one way or another in the current dispute.

General Sung Uncommunicative Regarding Contents of Agreement with Japanese

Nanking is completely in the dark over the terms of the "local settlement" reached between the Japanese military authorities in North China and General Sung Cheh-yuan. Although the agreement had been reached, a *Reuter* message from Nanking July 23 stated, General Sung had not communicated the text to the capital, and the opinion was consequently expressed that the terms must be of a nature unacceptable to Nanking.

ONE CAUSE OF JAPAN'S COMPLICATIONS

Rochester, N. Y., Times-Union

The withdrawal of Chinese troops stationed north and west of Lukouchiao temporarily to a distance of one or two li away from their original positions, which was completed by noon July 21, was done to demonstrate the Chinese authorities' desire for peace and to hasten the Japanese side to awake to the gravity of the situation, Chinese official circles in Peiping emphasized.

Despite the accord for settling the Lukouchiao incident between the Chinese and Japanese sides, Japanese troops, entrenched in their new positions at Fengtai and Tientsin, showed no signs of returning to their original garrisons in Manchuria, Korea and Japan, a *Central News* message from Tientsin, July 23 stated.

More 37th Division Men Withdrawn

About 2,000 men of the 37th Division under Gen. Feng Chih-an, Chairman of the Hopei Provincial Government, left Peiping for Chochow, several miles southwest of Peiping at noon July 23 in three special trains. These men had handed over their garrison duties to the 132nd Division under Gen. Chao Teng-yu.

According to Japanese dispatches from Peiping, General Sung Cheh-yuan, July 20 proposed to withdraw the 37th Chinese Division from the International Golf Course at Papaoshan, west of Peiping, between 10 o'clock and noon that day and to replace them with military police in order to prevent a further clash at Lukouchiao.

Japanese Withdrawal Depends on Chinese "Sincerity," Says Major Imai

Whether the Japanese troops withdrawn from Lokouchiao will be further withdrawn entirely depends upon Chinese sincerity in settling the incident, stated Major Imai, assistant military attache of the Japanese Embassy, in an interview in Peiping, July 23.

Meanwhile, he said, the Japanese forces will remain in their present positions until a more opportune moment to continue their evacuation.

Whether the Japanese troops, following their withdrawal to Fengtai, will return to Japan, Major Imai declared, depends upon whether the Chinese authorities will carry out the agreement reached with the Japanese authorities.

Asked when the Japanese troops recently rushed from Manchuria to Tientsin and Fengtai will be withdrawn, Major Imai replied that evacuation will be carried out upon the receipt of orders from the Tokyo War Office.

"Kuo Min" Says North China Agreement Provided for Simultaneous Withdrawal

A *Kuo Min* message from Nanking July 22 said the North China agreement provided for the simultaneous withdrawal of the Chinese

and Japanese troops from the front, and, under the arrangement, the Chinese troops had completed their withdrawal before noon on that day; if the Japanese failed to withdraw after the evacuation of Chinese troops, the latter could take free action to return to their original post at the front.

Units of the Thirty-Seventh Division were replaced within the Peiping city walls by members of the Peace Preservation Corps, gendarmes and about 600 men of the 132nd Division, commanded by Gen. Chao Teng-yu, a member of the Hopei-Chahar Political Council.

Japanese Call on Sung to Protest Non-Withdrawal

Three high Japanese military officers at 6 p.m. July 20 called on Gen. Sung Cheh-yuan, Chairman of the Hopei-Chahar Council and commander-in-chief of the Chinese Twenty-Ninth Army, to protest against the alleged failure of a part of the 37th Division to carry out his orders for an evacuation. The visitors were Col. Takuro Matsui, chief of the Japanese military special service section in Peiping, Major Takeo Imai, assistant military attache, and Lieut.-Col. Teshiro Nanajima, a Japanese advisor to the Twenty-Ninth Army.

The News of the "Peace" Agreement in London

The Chinese Ambassador, Quo Tai-chi, interviewed Foreign Secretary Anthony Eden in London late at night July 26 and announced that the Chinese Government had consented, in the interests of peace, to sanction an agreement between General Sung Cheh-yuan, chairman of the Hopei and Chahar Political Council, and the Japanese in North China.

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Japanese Refuse Chinese Proposal for Mutual Withdrawal of Troops

A spokesman of the Nanking Foreign Office in the course of a statement made July 27 said: "The Chinese Ministry of Foreign Affairs has repeatedly proposed that a definite date be fixed for the withdrawal of troops. Unfortunately, Japan not only refused to accept the Chinese proposal, but persisted in sending large reinforcements into North China.

"In the meantime a settlement was agreed upon by local Chinese and Japanese military authorities. The Central Government raised no objections to the terms of the settlement, which were not fundamentally inconsistent with the position it has taken

"The extreme forbearance of the Chinese Government, in thus endeavoring to preserve peace, must be plain to all observers. On the other hand, Japan has not only failed to withdraw her troops, but continued to send heavy reinforcements into the Peiping-Tientsin area."

Tokyo Confirms Local Agreement Reached

Confirming that a local agreement was reached between Chinese and Japanese military authorities in Peiping on July 19 a Tokyo spokesman said July 21 that "Japan wants a faithful observance of the accord by Chinese troops." He, however, expressed regrets that "some Chinese units are not only obstructing a fulfilment of the agreement, but even engaged in wanton firing on Japanese forces."

Japanese Will Take "Such Measures as They Deem Adequate"

Tokyo War Office circles July 24 said the Japanese military authorities in North China would take such measures as they deem adequate to secure fulfilment of local agreements by the Chinese authorities in North China in the event of "interference by the Chinese Government in the affairs of the Hopei and Chahar Political Council;" meanwhile they would pursue an attitude of watchful waiting.

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Japanese Officers in Peiping See Many Issues Still to Be Settled

Japanese officers in Peiping July 23 said no optimism regarding the situation in North China could be entertained until the following issues had been settled:

1.—The realization of its pledges by the Hopei-Chahar Political Council:

2.—The attitude taken by the Central Government's troops now in southern Hopei;

3.—The pressure exerted by Nanking upon the authorities in North China;

4.—Future relations between the Central Government and the Hopei-Chahar Council;

5.—Nanking's diplomatic and military policy towards Japan.

All these issues, they said, are closely interrelated.

Staff Officer Wachi Sees No Speedy Termination of Controversy

Lieut.-Col. Yoji Wachi, staff officer of the Tientsin Garrison, on his arrival in Tokyo July 22 by plane on a summons from the War Office enumerated the following issues, which still "await attention." These included:

1.—The "illegal firing" by Chinese troops at Lukouchiao upon Japanese soldiers;

2.—Maintenance of communications between Peiping and Tientsin, as stipulated in the Boxer Protocol, and protection of Japanese residents in the area;

3.—"Violation" of the Ho-Umetsu agreement by Central troops, which have crossed the Hopei border.

Although all these problems must be settled, he declared, "neither Nanking nor the Hopei-Chahar Political Council has shown any sincere desire to secure their settlement." For this reason, he added, a speedy termination of the controversy could not be hoped for.

Col. Matsui Demands Immediate Withdrawal of Chineses Troops from Lukouchiao

Immediate withdrawal of Chinese troops still holding their positions in the Lukouchiao district and in Peiping was demanded by the Japanese military authorities in Peiping July 23. Also urged was the speedy realization of the terms of accords reached between the Chinese and Japanese officials in North China on July 11 and July 19.

The demands were served by Col. Takuro Matsui, Chief of the Japanese Army's Special Service Section in Peiping, in calls on Generals Sung Cheh-yuan and Chin Teh-chun, respectively Chairman of the Hopei-Chahar Political Council and Mayor of Peiping. The demarche was made as only about one-tenth of the Thirty-Seventh Division's 20,000 men had left the city within the previous 24 hours.

Japanese Allege Yin Urges North China Leaders to Break Ties with Nanking

Immediate secession from Nanking and establishment of an independent Hopei administration was urged in a public statement issued in Tungchow July 21 by Yin Ju-keng, Chief Executive of the East Hopei Autonomous Anti-Communist Government, according to *Domei*.

Japanese Demand Speedier Evacuation of Chinese Troops Near Peiping

For the second time in 24 hours, Japanese military authorities demanded a speedier evacuation of Chinese troops at Peiping July 24 from their positions in and near the ancient Capital. The demand was served by three Japanese officers in a 90-minute interview with Gen. Sung Cheh-yuan. The Japanese representatives were: Col. Takuro Matsui, chief of the Special Service Section there; Major Takeo Imai, Assistant military attache, and a staff officer of the Tientsin Garrison.

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Sung Gets Ultimatum from General Katsuki to Withdraw Troops from Peiping Area

Complete withdrawal of Chinese troops from Peiping and the neighboring area by Wednesday noon was demanded in a written ultimatum sent to Gen. Sung Cheh-yuan, 3.30 p.m. July 26. Signed by Lieut.-Gen. Kiyoshi Katsuki, Commander-in-Chief of the Japanese forces in North China, the note warned Gen. Sung that non-compliance with the demand would compel the Japanese Garrison "to take all steps deemed necessary."

Units of the Thirty-Seventh Division, stationed at Lukouchiao, Papaoshan and the vicinity, were given until July 27 noon to withdraw to Changhsientien. Soldiers of the same division stationed in and near Peiping; in Siyuan, west of Peiping; and in an area extending from points north of the Peiping-Hankow Railway to points west of the Yungting River were to be evacuated by July 23 noon.

The entire Thirty-Seventh Division, the ultimatum demanded, would have to be thereafter "continuously" wihtdrawn to Paoting-fu, Capital of Hopei.

Compliance with the ultimatum, it was pointed out, would signify the Chinese authorities' intention to prevent an aggravation of the North China incident.

In addition to the ultimatum, demanding the withdrawal of ent entire 37th Division of the 29th Army to south of Paoting, the Japanese further insisted that the Peace Preservation Corps in the Lukouchiao section would also have to withdraw. Reports from Lukouchiao stated that Japanese troops in the Tachingtsun-Wulitien section July 26 opened "demonstration" firing at the Peace Preservation Corps units.

Col. Matsui Demands Withdrawal of "All" Chinese Troops from Peiping

Col. Takuro Matsui, Chief of the Japanese Armys' Special Service Section in Peiping, called on Gen. Sung Cheh-yuan at noon July 28 and protested against the Kwanganmen incident. He informed the Chinese officer that the Japanese Army "is unable to tolerate such incidents any longer." Col. Matsui thereupon demanded the "immediate" withdrawal of "all" (not merely the 37th Division) Chinese troops from Peiping, on the ground that their continued presence there "may cause serious trouble".

(*Continued on page 342*)

Britain's Fight to Protect and Strengthen Her Economic Position in China

BY KATE MITCHELL

CURRENT dispatches from the Far East contain frequent references to the activity of British interests in Central and South China, together with hints of a substantial increase in British financing of Chinese reconstruction projects. Despite the difficulty of distinguishing rumor from fact, there is considerable evidence that Great Britain intends to adopt a more active policy for protecting her existing stake in China and assisting the Chinese Government in its extensive plans for the economic development of the country. The present cordiality of Anglo-Chinese relations presents a striking contrast to the bitterly anti-British feeling of ten years ago, which reached its height in the Canton boycott and the seizure of the British concessions at Hankow and Kiukiang.

Supporting Chinese Reconstruction

Today Britain is being hailed as a valued friend and supporter of China's efforts toward reconstruction and financial stability. The successful introduction of the currency reform, approved and supported, if not suggested, by British financial interests, has greatly enhanced British prestige in China. The Leith-Ross Mission, on its return to England, reported very favorably on China's progress toward political unity and financial stability and made a number of recommendations for further reforms, presumably to be the prelude to a wider-scale British financing program in China.

Prior to his departure as head of China's delegation to the Coronation, Finance Minister H. H. Kung announced a number of financial measures—notably the establishment of the Central Reserve Bank, the balancing of the national budget for the coming year, the revision of the Banking Law, and the continuation of the program for reservicing outstanding foreign obligations. These measures, it is interesting to note, are in exact accord with the recommendations of the Leith-Ross Mission. It is also significant that Dr. Kung has devised three new sources of revenue which are expected to yield the Government an additional income of some $90,000,000 (Chinese) annually, sufficient to cover ordinary interest charges on a substantial foreign loan.

Strong Traditional Role

There is little doubt that the degree of political unification which has been achieved by the Nanking Government, together with the stabilizing efforts of the financial reforms, would under any circumstances have served to attract new British capital to China. Great Britain has for more than a century taken the leading part in Western economic expansion in the Orient. The British stake in China, in terms of capital investment, financial influence and political prestige at present exceeds that of any other foreign power. During the past fifteen years British economic activity has been crippled both by chaotic political conditions in China itself and by the increasing severity of Japanese competition. Now that conditions in China appear more favorable to the investment of capital and the expansion of trade, it is natural that Britain should take steps to maintain her traditional position in the foreign economic relations of China.

China's progress in economic reconstruction cannot, however, be regarded as the sole cause of the increased activity of British commercial and financial interests. Still less can it explain the extensive program for increasing the fortifications of Hongkong—one of the most publicized features of current British policy in the Far East. The alarm and hostility with which each report of British enterprise is treated in certain sections of the Japanese press gives a clue to a second incentive for strengthening Britain's position in China. Despite recent hints of some modification of the Japanese attitude toward international financial assistance for China, events of the past four years have given the British Government abundant evidence that Japanese leaders desire an end to Western influence in China and the recognition of Japan's right to a controlling voice in the affairs of Eastern Asia. Viewed in this light it is clear that each new British venture, even though of a purely economic character, may directly affect the future balance of political forces in the Far East and cannot, in any event, be considered without reference to Anglo-Japanese relations.

Great Britain has a history of alliance with Japan which for twenty years served admirably to protect British and Japanese interests in Asia against the encroachments of Tsarist Russia. Though the Anglo-Japanese alliance was terminated at the Washington Conference—largely owing to the strong opposition to it in both the Dominions and the United States—friendship with Japan continued to be the dominant element in British Far-Eastern policy. The Chinese Revolution and the bitter "anti-foreignism" of the Kuomintang served to strengthen the British view that Japan should be given a free hand in her efforts to bring "stability" to a chaotic China, thus safeguarding the interests and special privileges of all the Treaty Powers. In 1931 and 1932 the British Government, alarmed at the continued strength of the Chinese Communist movement, maintained a tolerant attitude toward Japan's Manchurian adventure, apparently confident that Japan would never seriously interfere with British interests.

Alarm at Japan's Advance

By 1934, however, a number of events had occurred to alter somewhat the British regard for Japan as the guardian of capitalist rights in China. Japan had left the League and Soviet Russia had entered it. The Washington Treaty structure had collapsed. Anglo-Soviet relations had improved. The Chinese Red Armies had been driven away from their position in central and south China into the north and west, outside the British zone of influence. Japanese expansion, encountering the increasing strength of the Soviet Union in the north and west, had turned southward and begun to encroach on British interests in North China. The speed and success of Japan's trade expansion had aroused alarm in British textile, shipping and other industrial circles. Finally, the United States, which in 1932 had indicated its willingness to cooperate in an attempt to check Japan's territorial advance, was now clearly determined to let Britain take the lead in any effort to protect Western interests in China against the inroads of Japanese economic and military penetration.

At present, the evidence on the status of Anglo-Japanese relations is distinctly contradictory. The Japanese press is filled with alarmist statements that Britain's "monopolistic grip" on South China "threatens the peace of the Orient" and must be immediately checked. At the same time, Japan's new Foreign Minister advocates a friendly understanding with Great Britain. The Japanese Ambassador in London is reported to be discussing with British officials the possibility of international financial assistance for China, while Chinese officials are quoted as deploring the possibility of an Anglo-Japanese agreement to which China is not a party.

Satisfactory Settlement Remote

No official confirmation of the London discussions has been forthcoming, and it seems highly improbable that Great Britain would consider any form of international assistance to China unless assured of American cooperation. Britain would undoubtedly welcome an agreement with Japan which would leave both China's independence and British economic interests in China secure, but in view of Japan's present policy in North China the likelihood of achieving a settlement along these lines appears remote. It should not be forgotten, however, that British Far Eastern policy has objectives other than the protection of her existing investments and the securing of new openings for British capital and trade in China. Malaya, Borneo, Macao, New Guinea and Netherlands India look to British naval power for their security. The current plans for closer Empire cooperation in defense and the mobilization of supplies in time of war still further enhance the importance of protecting the sea routes from India to Singapore, Australia and New Zealand.

The maintenance of friendly relations with the one power in a position to threaten the British position in southeastern Asia is obviously desirable, particularly in view of Britain's present inability to place a strong fleet in Far Eastern waters. It would seem, however, that Great Britain has decided upon a policy of supporting Chinese reconstruction and is not likely to consider any adjustment of the political situation in the Far East which could be constructed as unfavorable to the Chinese government.

"Percentage Stake" Small

The value of the British stake in China may be judged by various standards. Compared with that of other Western nations it is large. As a percentage of Great Britain's total foreign economic interest, it appears insignificant. British investments in China constitute only 5.9% of total British investments overseas. China supplies less than 1% of British imports and takes only slightly more than 1% of British exports (see Table IV). These percentages, however, give a somewhat misleading impression, both of the actual value of Britain's Chinese interests and the traditional importance of the Chinese market as an outlet for British goods capital.

Throughout the 19th century British interests were dominant in every phase of China's economic foreign relations. In the years 1887 to 1902 over 40% of the total trade of China passed through Hongkong. Approximately 90% of China's imports came from Hongkong, India and Great Britain, which in turn received about 70% of her exports. The British share of the total tonnage in China's foreign, coastal and internal trade was more than 60% until 1899 and was 41.9% in 1936.

Early Concessions Profitable

In view of the commercial importance of Hongkong, British banks naturally took the lead in financing China's foreign trade.

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The Hongkong and Shanghai Banking Corporation was the first foreign bank to undertake a loan to the Chinese Government. British finance capital having been first on the scene, emerged from the "battle for concessions" with a highly profitalbe zone of interest in the Yangtze Valley and South China, which was reserved for British railway concessions and other forms of capital investment. The terms of the Anglo-German loans of 1896 and 1898, the Anglo-French loan of 1908, the Crisp loans of 1912, and the Reorganization Gold Loan of 1913 placed British subjects in positions of authority in administering the principal sources of Chinese Government revenue on which these loans were secured. Foreign banks, principally British, were, until 1929, the depositaries of these revenues, a fact which enabled them greatly to expand their operations and to exercise a controlling influence not only upon China's foreign exchange operations but also upon the financial policies of the Chinese Government.

Precise figures are not available with regard to the average return on British investments in China, but it is generally agreed that in the early years profits were enormous. Professor C. F. Remer, in his study of foreign investments in China, estimates that more than half of the value of present British holdings represents reinvested profits and the appreciation of land values. By 1902 British investments had reached a total of U. S. $250,000,000. They more than doubled between 1902 and 1914 and almost doubled between 1914 and 1930. Business investments have at all times exceeded holdings of government obligations. In 1931 they amounted to U. S. $963,380,000 out of a total estimated investment of U. S. $1,189,194,000. Though the value of many British holdings has undoubtedly altered considerably during the past six years, Professor Remer's estimate is the most recent detailed analysis available, and may be assumed to present a fairly accurate picture of the nature of British investments and their importance relative to total foreign economic activity in China. (See Tables I, VII and VIII.)

Hongkong's Key Position

In addition to these substantial interests in China itself, Great Britain possesses in the Crown Colony of Hongkong one of the great distributing ports of the world, with a population of nearly a million and an annual revenue of some $30,000,000 (Hongkong). Originally a barren island with an area of only 28½ square miles, the Colony now comprises 394 square miles, as a result of the lease of the New Territories in 1898 for a period of 99 years. Extensive capital investment in public works, harbor and airport facilities, railways and roads, as well as in banking, trading and manufacturing enterprises, has enormously increased the Colony's commercial and strategic significance.

Hongkong's prosperity as a trading center is, of course, very directly affected by conditions in South China, and it is not surprising that the recent visits of the British Ambassador and Mr. Kirkpatrick (of the British Export Credits Guarantee Department) to Canton and Hongkong have been the occasion for numerous rumors that Great Britain is contemplating a substantial loan to China to be used for an elaborate program of economic development in Kwangtung. The Japanese press has published full details of a reputed $100,000,000 British loan to be expended in the construction of a number of railways (Canton-Foochow, and Canton Kweichow-Yunnan, etc.) and in the development of Hainan Island. The loan was reported to be at 3%, left unreedemed for a period of ten years and redeemed in the following twenty-five years. As no official announcement has been forthcoming, it is impossible to say how much, if any, of this rumor is based on fact. It is interesting, however, that the Japanese press is willing to concede that China can secure such favorable credit terms. As one paper, states, "the terms of the loan definitely reestablish China's credit on the international market."

New Opportunities in South

Though there is no evidence of British capital investment on such a large scale, it is undoubtedly true that British firms are taking a very active interest in the program for economic development now being launched in South China. The extension of Nanking's political authority southward in September, 1936, has largely removed the political uncertainties in Kwangtung and Kwangsi. These two provinces are being gradually brought within the scope of the new currency system and the consequent stabilizing effect on foreign exchange has encouraged foreign firms to grant more favorable credit terms for construction projects. British capital is to be invested in a large iron and steel plant near Canton and it appears probable that British credits will be granted for the purchase of materials and equipment for the proposed railway between Canton and Swatow.

British firms are also likely to cooperate extensively with Chinese and possibly French interests in the development of Hainan Island, though definite arrangements have been postponed until a detailed investigation of the economic possibilities of the Island is completed. Negotiations are still proceeding with regard to the linking of the Canton-Kowloon railway with the Canton-Hankow line—an arrangement which would prove advantageous to the trade of Hongkong in so far as it enabled the production of the southern Provinces to be exported via Canton and Hongkong rather than Shanghai.

At present there appears to be no evidence to support the Japanese report of a British-financed railway from Canton to Foochow, nor has the construction of a railway from Canton through Kweichow to Yunnan progressed beyond the rumor stage. It is, however, reported that the Central Government has decided to build a railway to connect Kweichow and Yunnan provinces. According to this report, a Kweichow-Yunnan Railway Company will be formed by the Ministry of Railways, the Kweichow and Yunnan Provincial Governments and the general public. Funds will be raised by the company for the construction of the railway at an estimated cost of $100,000,000. There is no indication that British capital will participate.

Immediate Returns Stressed

For the most part, British interests seem to be engaged primarily in efforts to secure contracts for construction projects which are likely to yield an immediate economic return. There is, as yet, no proof of any attempt to link new capital investment with special political concessions. It is, of course, highly probable that should China proceed with plans for the development of Hainan Island as a naval and air base, the British authorities will expect every consideration to be given to the Island's strategic position in relation to the defense of Hongkong.

The new rapprochement between the governments of Kwangtung and Hongkong has recently been emphasized by the awarding of two large contracts to British firms by the Municipality of Canton. Malcolm & Co. has secured the contract for the extension and improvement of the Canton waterworks providing for the installation of a new waterworks system at a total cost of £81,000, and for a loan to cover it of $1,400,000. The loan is for a period of six years to be amortized in monthly installments, interest on outstanding amounts to be 6% per annum. The General Electric Company of China has been given the contract, amounting to $3,200,000, for Canton's new trolley-bus system. The Municipality has agreed to purchase the whole of the equipment and mechanical plant required for the first section of the trolley-bus scheme. The Company has agreed to give the Municipality credit extending over a period of six years.

Rivalry for Railway Contracts

British firms are also competing actively for the many contracts now offering in connection with the Ministry of Railways' five-year construction program. For the past few years British financing of railway development in China has been largely confined to loans from the British Boxer Indemnity Fund, granted on the understanding that all required materials be purchased in Great Britain. This use of the indemnity funds enabled Britain to secure the major share of China's orders for railway supplies during the period 1930-1934, but in 1935 and again in 1936 German sales exceeded British—despite the large non-competitive orders placed through the Chinese Government Purchasing Commission in London, which have reached a total of £4,225,881 (Dec. 31, 1936.)

The progress made by the Chinese Ministry of Railways in adjusting a number of railway loans long in default and the substantial increase in railway revenues during the past year have apparently served to revive the confidence of British firms that new capital investment in railway construction and the supplying of railway materials may be safely undertaken. It has been announced that British materials will be purchased for the proposed Canton-Meihsien railway, a distance of 350 miles, which will be connected with projected lines in Fukien and Chekiang. In addition, British capital is likely to be invested in the following projected lines in South China: the Canton-Whampoa railway; the Samshui-Hohsien railway, which will link Kwangtung and Kwangsi; and the Kweilen-Hengchow railway, connecting Kwangsi's new provincial capital with the leading commercial center in southern Hunan. Also of interest is the report of an agreement just reached between the Ministry of Railways and Innis & Riddle, Ltd., a British company in Shanghai, whereby all British engineering equipment (to a value exceeding $2,500,000) will be supplied to the Chuchow Central Locomotive and Rolling Stock Repair Shop.

Cooperation with Chinese Capital

It seems probable that future British railway loans to China may take the form of joint participation with Chinese capital, following the lines of the Shanghai-Ningpo-Hangchow Railway Completion Loan of 1936. This loan, which was the first foreign railway loan to be offered without collateral security of any kind, was floated in Shanghai, but early in 1937 the bonds were introduced on the London market at 94½, and stand at present at 95—a price which includes four months' accrued interest. Gross traffic receipts from this line for the first eight months of the year ending June 30, 1937 amounted to $4,462,270, an increase of 25.6% over the same period of the preceding year. This successful record should presumably encourage further British capital investment of a similar kind.

With regard to the promotion of Great Britain's trade with China, the Leith-Ross Mission emphasized the importance of British firms taking advantage of the many contracts for railway materials, public utility equipment and machinery of all kinds which could be financed by middle-term credits. The credit issue is of primary importance inasmuch as many of the British companies exporting to China are unwilling to assume the credit risks involved

in the contracts offered, whereas German firms with a large-scale organization supported by government subsidies are able to grant exceptionally easy credit terms and also to underbid their British competitors. One result of the Mission's report was the appointment of Mr. W. M. Kirkpatrick as Shanghai representative of the Export Credits Guarantee Department of the British Treasury.

New Credit Deals?

This appointment has been heralded in the Chinese press as indicating an agreement between the British and Chinese Governments whereby credits to the amount of some £10,000,000 would be granted to China for the purchase of British goods. This optimistic interpretation does not appear to be in line with the actual situation. Officials of the Export Credits Department have emphasized that no loan has been made to China, that exports to China have always come within the scope of the Export Credits Department and that the opening of the Shanghai branch is merely intended to make it easier for British firms to make use of the Department's facilities. The Export Credits Department acts as an insurance company. Provided it is satisfied that the risk is a good one, it will agree to underwrite it, possibly to the extent of 60 or 70%, though never to the full amount. This service is not, of course, given free of charge. The Department rules are strict and rigidly applied; for example, no payment can be expected under its guarantee unless satisfactory proof is forthcoming that the buyer has been declared bankrupt. It is hoped, however, that with a representative on the spot, a certain relaxation in credit terms may be made to meet local conditions. It would, as British merchants in China have pointed out, be exceedingly difficult to provide proof of bankruptcy in China in a form acceptable to a British Government Department.

It would seem that Mr. Kirkpatrick's personal investigation of credit risks involved may lead British manufacturers to undertake business which would have to be refused if there were inflexible insistence upon regulations wholly unapplicable to local conditions. The arrangement will not enable British goods to be sold at lower costs; in fact costs will presumably be somewhat higher owing to the necessity of meeting the charges of the Export Credits Departments. The credit risk of the individual manufacturer or exporter

Table I—The Position of Great Britain in China's International Economic Relations

TRADE

	Value (million Hk. Tls.)	% of China's total trade
1899	53.9	11.7
1913	113.3	11.4
1930	170.9	7.8
1936	175.4*	10.4

*millions of standard dollars

FIRMS

	British firms	% of total foreign firms in China
1899	401	43.0
1913	590	15.0
1930	1,027	12.4
1934	1,021	9.3

INVESTMENTS

	British investment (million U.S. dollars)	% of total foreign investment
1902	260.3	33.0
1914	607.5	37.7
1930	1,189.2	36.7

POPULATION

	British population in China	% of total foreign population in China
1899	5,562	32.4
1913	8,966	5.4
1930	13,015	3.6
1934	13,344	3.6

SHIPPING

	British tonnage (in millions)	% of total Chinese and foreign shipping
1899	23.3	59.4
1913	38.1	40.8
1930	57.2	36.8
1934	58.8	41.9

Table II—Principal Countries in China's Foreign Trade

(value in millions of dollars and as percent of total)

	Imports $	Imports %	Exports $	Exports %
1934				
United States	271.3	26.35	94.3	17.62
Japan	126.3	12.27	81.2	15.18
Germany	93.2	9.05	49.7	9.30
Great Britain	124.5	12.09	19.2	3.58
1935				
United States	174.9	18.92	136.4	23.67
Japan	139.5	15.10	82.0	14.24
Germany	103.3	11.18	49.4	8.58
Great Britain	98.2	10.62	28.9	5.02
1936				
United States	185.5	19.64	186.3	26.36
Japan	153.5	16.26	102.3	14.48
Germany	150.2	15.91	64.8	9.18
Great Britain	110.4	11.70	39.1	5.54

Table III—Importance of Great Britain in the Foreign Trade of China

(value in millions of Haikwan Taels until 1930: in millions of standard dollars thereafter)

	Exports to Britain	% of total	Imports from Britain	% of total
1913	16.3	4.1	96.9	17.0
1930	62.7	7.0	108.3	8.3
1934	49.8	9.3	124.6	12.1
1935	49.4	8.6	98.0	10.6
1936	64.8	9.2	110.5	11.7

Table IV—Importance of China in the Foreign Trade of Great Britain

(value in millions of pounds sterling)

	Exports to China	% of total	Imports from China	% of total
1913	14.8	2.8	2.9	0.4
1930	8.6	1.5	8.2	0.9
1934	6.5	2.5	8.0	1.09
1935	5.0	1.2	6.4	0.85
1936	6.5	1.3	7.7	0.91

Table V—Principal Chinese Imports from Great Britain

(in thousand Customs Gold Units)

Commodity	1932	1933	1934	1935
Cotton Goods	20,118	7,045	9,330	2,841
Metals	12,750	10,196	9,953	9,780
Tin Plates	4,595	5,082	1,825	1,091
Machinery	10,308	7,977	10,207	7,930
Woolen Yarn	5,128	4,394	4,180	761
Vehicles and Vessels	4,249	4,384	2,690	2,942
Ammonium Sulphate	4,055	3,527	1,028	1,561
Woolen Piece Goods	3,589	5,052	3,939	2,901
Cotton Thread	2,961	2,014	1,796	808
Cigarettes	1,907	918	605	489
Soda	1,360	959	1,059	558
Electrical Materials	1,152	1,299	1,114	1,089
Linen Goods	974	1,915	1,180	2,941
Aniline Dyes	644	439	483	622
Paper	1,840	1,881	1,220	435

Table VI—Principal Chinese Exports to Great Britain

(in thousand Chinese dollars)

Commodity	1932	1933	1934	1935
Eggs and Egg Products	24,578	21,903	18,946	18,480
Tea	4,573	3,848	6,848	2,961
Bristles	2,966	2,516	3,428	3,307
Beans	2,290	26	959	357
Raw Silk	2,257	2,177	1,568	1,356
Wool	2,228	2,106	1,137	599
Shantung Silk	1,323	694	677	...
Antimony	1,159	959	1,332	2,596
Groundnuts	1,048	612	468	641
Bean Oil	380	...	...	...
Wood Oil	539	1,850	1,323	2,118
Woolen Carpets	878	1,810	1,965	1,374
Hats, Fibers, Straw, etc.	927	1,509	1,258	2,134

Table VII—British Holdings of Chinese Government Obligations, 1931

(in thousand U. S. dollars)

General Purposes of the Chinese Government	121,575
Chinese Government Railways	67,949
Communications other than Railways	1,961
Unsecured Loans	20,094
	211,579
Obligations of foreign municipalities in China	14,235
	225,814

Table VIII—Distribution of British Business Investments in China According to Nature of the Business, 1931

(in millions of U.S. dollars and as percent of total)

	$	%
Transportation	134.9	14
Public Utilities	48.2	5
Mining	19.3	2
Manufacturing	173.4	18
Banking and Finance	115.6	12
Real Estate	202.3	21
Import and Export	240.8	25
Miscellaneous	28.9	3
	963.4	100

will, however, be reduced and in this sense British export trade may be expected to benefit.

British industrial cricles are generally agreed that the future of Britain's export trade to China must depend upon the degree to which British manufactures can successfully compete in the market for capital goods. Few hopes are entertained that Britain can ever recover any substantial share of China's textile imports which are, in any event, declining rapidly with the increase in domestic production. In other low-priced consumption goods Japanese manufacturers enjoy competitive advantages which Western industries cannot hope to overcome.

German Competition Serious

But in the growing demand for iron and steel products, rails, machinery, electric equipment, which seems likely to result from China's present economic program, there should be profitable openings for British trade. In this field Germany, rather than Japan, is Britain's chief competitor. During 1936 German exports to China increased more than those of any other Western nation. With 15.91% of China's total imports (see Table II) she has surpassed Great Britain and now ranks next to the United States and Japan among China's chief suppliers. Inasmuch as Germany's principal exports to China are industrial goods, as against consumption goods from Japan and raw materials from the United States, it would appear that German trade policies, particularly the granting of long-term credits, and the efficiency of German sales organization constitute the most serious obstacle to the future expansion of Britain's export trade with China.

As indicated above, one of the most widely heralded aspects of current British policy lies outside the purely economic sphere, though it is closely linked with British economic and financial enterprises in South China. This is the program for greatly strengthening the fortifications of Hongkong, which some observers see as a British reply to Japan's development of Formosa as a powerful naval base. Some $20,000,000 has been budgeted for 1937, and a like amount for 1938, to develop the Colony's anti-aircraft defenses, to build new barracks and an air base in the New Territories capable of accommodating several squadrons of Royal Air Force bombers, the construction of military roads and gun emplacements and the maintenance of a substantially enlarged garrison. The completion of this program will, it is reported, coincide with the presumed withdrawal of the United States from the Philippines.

British Opinion Divided

There are no official pronouncements to give a clue to the probable future course of British policy in the Far East. Available evidence, however, would seem to indicate a certain division of opinion in Great Britain with regard to the struggle between China and Japan and its significance for British interests. Those who advocate some form of agreement with Japan apparently believe either that Japanese control in China would mean increased opportunities for British capital and trade, or that such an agreement is the best means of safeguarding Britain's position in southeastern Asia. A further argument is that Britain is in no position to take any direct action against Japan, at least until the completion of the rearmament program, and even then events in Europe may make it impossible to maintain a strong British fleet in Far Eastern waters.

On the other hand are those who feel that Britain must eventually take definite measures to check further Japanese expansion in Asia. Should Japan be given a free hand in North China, they contend, it is most unlikely that the Nanking Government can maintain the stable financial position so beneficial to British commercial interests. It is equally unlikely that British capital would be allowed to participate in the economic development of China except under Japan supervision and control. Furthermore, there is no evidence to indicate that Japan would be satisfied with North China. Barring a profound alteration in the present Japanese economic structure, internal conditions would presumably continue to enforce ambitions to carry that expansion southward. Japanese economic penetration of Siam, the Philippines, Malaya and Netherlands India; the rapid growth of the Japanese merchant marine; the expansive speeches of certain Japanese naval authorities may all, it is felt, be regarded as potential or actual threats to the safety of Britain's Imperial communications and to her ability to defend an almost regrettably "far-flung" Empire.

Neutral Position Increasingly Difficult

This division of opinion at home is echoed by the differing views of the British Pacific Dominions with regard to developments in the Far East. In view of this, and of the continued tension in Europe, it seems probable that British Far Eastern policy will continue to pursue a double objective. British interests in China will be strengthened and the Chinese Government assisted in its efforts toward political unification and economic development. Simultaneously, a basis of compromise with Japan will be sought in the hope that a direct clash of economic interests between the two countries can be avoided. How long such a policy can be successfully pursued would appear to depend in large measure upon the future course of Sino-Japanese relations. At present it would seem that Britain is likely to find it increasingly difficult to maintain cordial and cooperative relations with both China and Japan.

"Air Cleared"—British and Japanese Industrialists Announce After Talks

Paving the way for possible Anglo-Japanese economic co-operation in the Far East, British and Japanese industrial and business leaders concluded a series of conversations in London July 23. "The air has been cleared to a considerable degree," a joint statement issued by the powerful Federation of British Industries and the Japanese Economic Mission to Europe and America said this afternoon as the final general meeting between the two groups was held at the local offices of the Federation.

"It was also decided, "the statement read, "that discussions on the possibility of co-operation in the economic development of East Asia should be resumed as soon as the position should appear favorable for further discussions."

This was understood to refer to the proceedings of the joint Anglo-Japanese subcommittee on China.

"Lord Barnby" the announcement further stated," voiced great pleasure to welcome the Mission, for which Mr. Kadono expressed his thanks."

An Evaluation of the Military Position in North China

The inability of China to cope with the military aspects of the North China incident are emphasized in three special articles in the *North-China Daily News* for July 22 and 23.

Around Peiping and Tientsin at that time there were between sixty and seventy thousand Chinese troops. But of this total only about twenty thousand had shown themselves definitely anti-Japanese—those of the 37th division of the 29th Army. Government forces to the extent of two divisions had arrived in Hopei, but other reinforcements were proceeding at only a slow rate towards the north.

Any expectation of considerable help from the Central Government, the author pointed out, depended largely on the ability to transport the soldiers to that district and to arrange for regular supplies to follow them. This, he believed, was scarcely feasible with the present means of transportation available.

On the other hand, Japanese forces normally stationed in the north total ten thousand, and these had been doubled since the outbreak of the incident of July 7, and possible would reach 55,000 men, with tanks, airplanes and artillery, following the arrival of troops from Japan.

Japan's protest against charges of premeditation, the second article asserts, are of only academic value insofar as the allocation of responsibility is concerned. Ever since 1931, the writer points out, Japan has denied that her various advances were planned, but she has nevertheless proceeded in her occupation of Manchuria, and many points in North China, each advance being preceded by an "unpremeditated" local incident.

"The opportunity now offered for massing troops on North China soil," he emphasizes, "would appear therefore to be deliberately taken to create another Japanese enclave and incidentally to lop off another important tract of territory from Chinese control. Premeditation thus becomes an anaemically academic issue."

Nor is W. Lewisohn, Peiping correspondent of the *North-China Daily News*, greatly surprised at the turn of events following the incident at Lukouchiao. He asserts:

"Sino-Japanese crises in North China all tend to run to type, and those of us who were in Peiping in 1935 at the time of the Ho-Umetsu Agreement ought to have been able to foresee what lines the present negotiations were likely to take. In actual fact, the sequence of events has been almost exactly the same: then there was an armed clash followed by negotiations conducted in th deepest secrecy; refusal of the Chinese side to sign and a sudden last-minute reconsideration and acceptance of the Japanese demands; after that the Japanese were asserting that the Chinese had accepted all their demands, and the Chinese swearing by all that was holy that they had accepted nothing. Everything just as in the present crisis.

"A few months later the Japanese began to demand the fulfilment of very formidable terms, quite different from the comparatively innocuous ones that had been made public, and about a year later the independent government of East Hopei was formed. On the same analogy we may, therefore, expect that in a few months the Japanese will be insisting on the fulfilment of the secret terms of the 'Sung-Katsuki Agreement' ending with the formation of an independent government of Hopei."

North China Bans Sale of Anti-Japanese Periodicals

The North China authorities have imposed a ban on the sale of the following Chinese periodicals: *Voice of China*, *Voice of North China*, the *Anti-Japanese Front*, the *Northeastern Knowledge*, the *Anti-Japanese General*, the *Road of the Masses*, *Selections of National Salvation Essays*, and the *San Min Monthly*, *Kweilin Monthly*, and 50 others, a Peiping message to the *Sin Wen Pao* July 23, stated.

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Japanese Consul General Protests Anti-Japanese Movement at Canton

Strict suppression of the rapidly swelling anti-Japanese movement in Kwangtung province was demanded by Consul-General Toyoichi Nakamura during a call on Gen. Ou-yang Chu, Acting Chairman of the Kwangtung Provincial Government, in Canton, July 24.

The Kwangtung provincial authorities can be no means take action to suppress the anti-Japanese feeling among the Chinese mass in South China. This, says a Canton message in the *Sin Wen Pao* July 26, was the firm reply given to the Japanese Consul General in Canton by Dr. Phillp Tyau, Diplomatic envoy of Kwangtung and Kwangsi to a protest recently filed by the Japanese Consul General against the action taken by Chinese seamen in refraining from unloading goods from Japanese steamers.

"Japanese Looking for Trouble in the South"

Japanese are looking for trouble in the South, according a Canton dispatch to the *China Times*, July 23. They have recently adopted a hostile attitude toward the 155th Division stationed in Swatow and demanded that the Swatow Mayor transfer it to other points. This move on the part of the Japanese authorities, the report stated, arose from the refusal of wharf coolies in Swatow to unload goods from Japanese vessels calling at the port. The "strike," the Japanese alleged, was instigated by the 155th Division.

Japanese Spies Active in South China Cities

A *Central News* message from Foochow July 23, said that secret agents of a "certain" country have laid out a military espionage network in Changchow, Chuanchow and Amoy.

While the exodus of Japanese residents from Swatow and Amoy continued, the increasing activities of Japanese ronins and Japanese-hired traitors have caused considerable concern in South China, a Canton message to the *Shih Shih Hsin Pao*, July 24 stated.

Kwangtung to Impose Death Penalty for Speculators in Foodstuffs

Death penalty for speculation in foodstuffs and currency and dissemination of false rumors was decreed in Canton July 16 by Gen. Yu Han-mou, Pacification Commissioner for Kwangtung.

One traitor in Canton and four others in Chaochow were executed by order of the Kwangtung Army Headquarters in Canton July 23.

Chinese and Japanese Residents in Malaya Warned Against Action Tending to Breach of the Peace

The Government at Singapore, in a communique issued July 23 warned Chinese and Japanese residents here that, should hostilities break out in North China, they must not take action which may lead to a breach of the peace. In the event of hostilities, the Government will maintain an attitude of complete impartiality, and will not hesitate to use its full powers against everyone stirring up trouble, the communique said.

Recent Events Show That It Is Japan That Is "Not an Organized State"

BY C. Y. W. MENG 孟昭林

AT one of the conferences in Geneva, when the League of Nations was discussing the momentous Sino-Japanese problem arising from the Japanese invasion of Chinese territory, Japan, through her duly appointed representative to the conference, alleged that China was "not an organized state," but "a geographical expression only." But when the Japanese Army staged a rebellion in the Capital of Japan on Feb. 26, 1936, when the rebels murdered, in the most brutal manner, a number of their elder statesmen while others had to take refuge in the Palace, when the soldiers refused to go back to the barracks in definance of the Imperial Edicts, and occupied the government buildings for several days—an affair sullied with a number of murders and assassinations of leaders—the world was convinced that it is not China but Japan herself which is not an organized state. The bombardment of Lukouchiao by the Japanese forces further exposes the fact that Japan is by no means an organized state.

Japan's Unique Military Service System—Promotion by "Military-Aggressive Accomplishments in China"

According to a dispatch from Tientsin (see the *Shun Pao Weekly*, Vol. 2, No. 28, p. 631-2), one of the important causes of the Lukouchiao Affair has to do with the Japanese unique and fatal military service system.

Ever since Sept. 18, 1931, it has become the rule in Japan that the commander of the Japanese garrison forces in North China shall come to China with the rank of major-general, but when he is recalled, he is promoted to lieutenant-general because of the "accomplishments" which he has achieved during his one year of service in China. But let us see what is meant by "accomplishment." Let us see how the Japanese militarists in service in northern China were promoted to higher ranks in the past six years.

Honjo, former commander of the Japanese Kwangtung Army prior to the Mukden Affair, with the rank of Lieut.-General, when recalled, was promoted to a full-rank general because he had created a "Manchukuo;" he was thereupon appointed to a high post in the General Staff Office in Tokyo. Doihara, with the rank of major-general, was at once promoted to be a lieut-general, because of his success in "kidnapping" Henry Pu Yi to Mukden to be the puppet head in the bogus administration of the so-called state—Manchukuo. Kiyoshi Katsuki, the present commander of the Japanese garrison forces in North China, was promoted to the rank of lieut-general, because he did "good work" during the Sino-Japanese "undeclared war" in Shanghai; when he plotted with and instigated the plain-clothed soldiers to create crouble in Tientsin, he was appointed as a divisional commander. Nakamura was promoted to the rank of lieut-general because he also did "good work" in plotting and creating troubles in Tientsin for the second time when the Sino-Japanese "undeclared war" was in progress along the many passes of the Great Wall—troubles which had forced the Chinese authorities to sign the disgraceful "Tangku Agreement" in May, 1934; so he was appointed a brigadier-commander. Umetsu was promoted to the rank of Lieut-General because be had forced another disgraceful agreement on China, now known as the "Ho-Umetsu Agreement." Tada, the successor of Lieut-General Umestu, was promoted to the rank of lieut-general because of his success in the "autonomous movement in North China" culminating in the establishment of the so-called Eastern Hopei Anti-Communist and Autonomous Government, he was appointed commander of the 11th Division. Such are the so called "accomplishments" required for promotion to higher rank!

Lieut-General Tashiro, the late commander of the Japanese Garrison Forces in North China, with the rank of lieut-general, was appointed to the post in July, 1936, so according to the practice, he would have been recalled sometime in August. But in order to enable and justify him to be promoted to full rank general (which is very difficult in Japan), he had to achieve some "extraordinary accomplishment" similar to the creation of Manchukuo, which promoted Honjo from lieut-general to full rank general.

The late General was certainly unwilling to break down the "practice" by going home without being promoted because he did not accomplish anything. The movement for the "extension of the organization of the bogus administration in Eastern Hopei," according to keen observers on the spot, has as its very purpose the achieving of this end. But hard luck for the General! China of 1937 is different from that of 1931-6. Due to the Chinese opposition, he could not make any headway in the movement. So it was said that he had been "sick," apparently suffering from suffocation which caused his death on July 11.

In other words, in Japan there is a fatal military service not found in any organized and civilized nation in the world. This system encourages the duly appointed military officials to devote themselves, not for the cultivation of friendship with neighbor nations, but to assiduously work and plan for the invasion, bombardment and occupation of the territories of others, and for the establishment of one puppet and bogus administration after another in a country with whom Japan maintains friendly and diplomatic relations. The militarists who could achieve greater "accomplishments" would be promoted to higher ranks; while others who engaged in the secessionist and subversive activities in a friendly country are also promoted from the rank of major-generals to lieutenant-generals. Is there any other organized and civilized nation in the world which adopts the same system?

Ordinarily, promotion in military service is always to be decided by the merits of their service, by the battles they fight and by the victories they achieve. That is when one country is at war with the other. But no organized and civilized nation in the world would give promotion to their officials for no other reason than carrying on "military-aggressive accomplishments" in a country with whom Japan is *at peace!* No organized and civilized nation in the world would encourage its officials to engage in international piracy and robbery!

But there is another aspect of the problem. That is, so long as such practice is followed and such is the Japanese military service system, every ambitious Japanese militarist would like to see service in China, because there is good opportunity for promotion; and, further, under such practice and system, every commander of the Japanese garrison forces in north China has to "accomplish" something, so as not to break down the practice. One could easily conclude that more Japanese aggression in China will be due, each succeeding summer and that more Sino-Japanese conflicts are inevitable. And that also explains why after one storm comes another. There is no end so long as such practice and system is followed.

Japanese Militarists Are Entirely Out of Control

According to the same dispatch from Tientsin, the whole Lukouchiao Affair on the fatal night of July 7 was started by the so called "Japanese Young (or Junior) Military Officers," such as Major-General Torashiro Kawabe, brigadier commander in Peiping, Lieut-Col. Voji Wachi, Col. Takuri Matsui, etc. who refused to take orders from their superior but acted alone.

Every since the "Fengtai Affair" when the Japanese Army succeeded in stationing its troops in Fengtai and in driving out the 29th Army troops, the so-called young Japanese military officers had already had some sort of organization themselves, and had acted always contrary to the orders of their commander (Lieut-General Tashiro). Recently, in view of the fact that their date of recall was drawing near, and further, the Central Government was taking vigorous steps to exercise effective control over the Provinces of Hopei and Chahar, these young Japanese military officers were particularly anxious to occupy Lukouchiao so as to achieve some "accomplishment" before they sailed for Tokyo. So they planned, and later actually they acted. But Lieut-Gen. Tashiro did not know anything of what they had planned to do. When the affair broke out, and when a telephone message was received from the War Office in Tokyo, the Japanese young military officers found that they had already "ridden on the tiger and could not now get down" (a Chinese proverb, meaning between two difficulties).

Major-General Gun Hashimoto, Chief of Staff of the Japanese forces, was at once dispatched to the "front" by Lieut-General Tashiro to effect a peaceful settlement in accordance with the circumstances, but Major-General Kawabe, the leader of the younger group, refused to cease the warfare on the gound that "there were already too heavy casualties on the Japanese side," and that they must inflict "deadly blows" on the 29th Route Army before they could stop. Lieut-Col. Wachi also assisted him in refusing to take orders from the late General. Major-General Hashimoto, after running between Peiping and Fengtai for two solid days, came back a total failure in his efforts to stay the hands of the young Japanese military officers.

Tashiro's "Mysterious" Death

Realizing that the casualties on the Japanese side were heavy, and fearing that he might be reprimanded by the War Office when he returned, the late commander of the Japanese forces got so excited that his blood pressure went up suddenly, thus causing the ignominious end of one Japanese general. His death, whether he actually died of high blood pressure or otherwise, is shrouded with mystery!

By an organized state, it is presupposed that there is one efficient administration, capable of governing the people within and without. In the military service, it is a well-known principle that obedience is not voluntary but compulsory, and that good discipline is the essense of every good army. But judging from what the Japanese military officers did in Lukouchiao, when they disobeyed the order from their superiors, when they acted according

to their own ideas, when they took the law into their own hands, and when they created great trouble to the embarrassment of their home government and their people, Japan is indeed not an organized state in the true sense of the word and in the eyes of the civilized world! Throughout these six years of Sino-Japanese crisis, the Japanese militarists have acted many and many a time in China, for which the Japanese Government had either to express its complete surprise, or to issue a series of denials epposing it to the ridicule of the whole world!

Japanese Themselves Oppose Fighting Against China

The present Lukouchiao Affair was apparently created by a handful of young Japanese military officers. Tokyo has now to take some action to send a few divisions of troops to northern China to their rescue. But it must not be taken for granted that the Japanese government and people have *approved* of the bombardment of Lukouchiao; no, not at all, the Japanese government simply could not help it, and had to dispatch troops to their rescue in order *to save the face* of the Japanese army.

So here is another difficulty for China. Ordinarily, negotiations through proper and diplomatic channels could settle many of the disputes. But in the Sino-Japanese crisis, it is not possible. It is because Japan is not yet an organized state, but is a state where the "Army conquers the diplomats," and the militarists have gone far beyond the control of the civil authorities. According to current report (see *North China Daily News*, Shanghai, July 21, Mr. Lewisohn's account on northern situation), the Japanese Kwangtung Army and the Japanese forces in North China have "a far-reaching plan of action in North China," which the Tokyo government might not know.

It must be pointed out that not all the Japanese militarists want to bombard the Chinese cities and to fight with China. There are plenty of the Japanese intellectuals who have already voiced their strong opposition against the Japanese aggression in China. Take another example: On the trains which were heavily loaded with Japanese troops to Tientsin, one Japanese military officer killed himself on the train for no other reason except to demonstrate his opposition to fighting with China, and to admonish his superiors not to take this action. Certainly, there are plenty of the Japanese soldiers and sailors of this kind who, though fighting the Chinese, at heart are quite unwilling to fight.

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Lukouchiao Affair Exemplifies the Rise of Chinese Nationalism

While the Lukouchiao Affair shows that Japan is not an organized state, the same demonstrates the rapid rise of the Chinese new nationalism. To sum up our observations of the events during these two weeks (July 8-23), we can conclude that all the 460,000,000 Chinese "prefer to be a jade to be broken into pieces, rather than be a tile to be preserved." That is the nation-wide determination to oppose the aggressor at all cost.

During the clashes in Lukouchiao and Lanwanmiao (Dragon King Temple), large numbers of Japanese were killed and wounded, not by the Chinese machineguns or artillery fire, but by the Chinese "big swords." The invaders carried out eight offensives on Lukouchiao and Lanwanmiao. but they could not break through the Chinese defensive lines. On the other hand, the spray of the Japanese machine-gun and artillery fire did not prevent the Chinese forces from rushing to the Japanese lines to attack the invaders with big swords. The gallantry of the 29th Route Army should command the respect of all! The Japanese officers might keep all these events in secret today, but later on, they might have to erect more monuments to remember the Chinese "heroes," as they did before (For example: the Japanese erected a monument in Nantienmen in memory of "China's Seven Heroes") when the Japanese themselves could not but admire the gallantry of the Chinese.

But there is apparently some reason. The Chinese fight for the *nation*, while the Japanese fight for *the ambition of a handful of jingoist officers*. So the former fight with full vigor, while the latter fight with only half-hearted courage. So the former fight for the *right cause*, while the latter fight in opposition to world public opinion.

In Nanking, one farmer, on hearing the Japanese bombardment of Lukouchiao, was willing to contribute all he had saved during the last five years, amounting to $300, to the government to be forwarded to the "officers and soldiers who resist the foreign invasion in defence of the nation," as his humble contribution for fulfillment of his duty as a citizen of the Republic of China." These are the words which came from the month of a farmer (80% of the Chinese population are farmers). Such is the Chinese spirit today!

In conclusion, we believe that the Japanese bombardment of Lukouchiao will turn out to be a "blessing in disguise" to China in affecting the national unity, in giving rise to new nationalism, and in reviving the "Spirit of the Middle Kingdom," but the same will cause a complete collapse of the whole Japanese "Manchurian adventure" when world public opinion is sure to prevail over Japanese militarism, and when Chinese nationalism is sure to conquer Japanese aggression and fascism.

Nanking, July 24, 1937.

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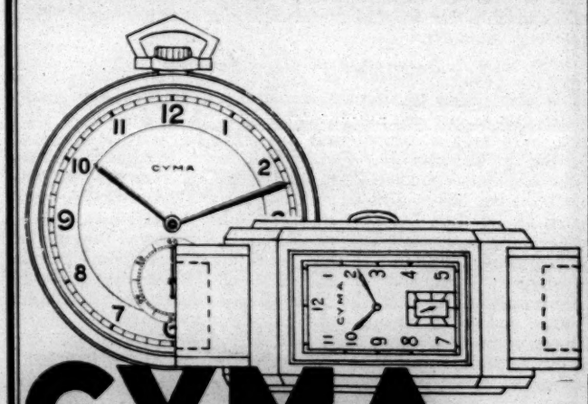

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Summer—A Season We Can Never Like

BY T. S. YOUNG

WHEN we talk of Summer, we at once feel very uneasy; for we know from our experience what a great change Summer brings to our life. It is decidedly no fun to work, walk and sleep when the thermometer registers around 100 degrees in the shade. Lo, even the dogs become spiritless, and stretch out their tongues all the day long as if to seek some relief from excessive heat. Only the noisy cicadas can take delight in the sultry weather, and chirp the loudest when it is the hottest. The school children may love Summer, for they can temporarily leave their citadels of learning and forsake their books. The sport-loving people may love Summer, for they can either don bathing suits or wield tennis rackets to seek the utmost enjoyment from outdoor life. The well-to-do persons may love Summer, for they can afford to forget their business and seclude themselves in summer resorts. And the mendicants may love Summer, for they need not bother themselves with the difficult problem of how to keep their bodies warm. But generally, we look upon the advent of Summer with disgust and dismay, and its passing with thankfulness and rejoicing. Although Winter presents a very desolate sight, we, nevertheless, prefer desolate Winter to blooming Summer. We simply can not find such inspiration from thunder and lightening as we can from snow-flakes and ice, nor can we seek such enjoyment from outdoor life as we can from the fireside. Many of us have secretly admired the life of an Eskimo, and openly sympathized with the hard lot of those who have to live in the midst of snakes and scorpions.

The Summer heat works a great change upon our life. It makes us lose our appetite. We are great eaters, but we can not eat much during the hot days. Our stomach has been strangely contracted, and our taste has been somewhat altered. We can no longer stand the richness of our dishes, and are content to live on simple fare. The sight of our richly cooked dishes can not make our mouth water nor whet our appetite. We decline dinner invitations, and avoid as much as we can to eat at restaurants, for it is quite an ordeal to have ourselves dressed up and to spend two or three hours in eating. For our daily meals. we eat less rice and a little meat but much vegetable. Our religious persons take this opportunity to display their religious fervor by ruling out meat totally from their diet during the hot season. Because of this temporary change of our taste, our slaughter houses kill a fewer number of pigs every day, and our restaurants sell fewer dishes of shark-fin to the epicurean public. It is, therefore, quite understandable that we find ourselves ten or twenty pounds lighter after every Summer.

Impossible to Sleep Soundly

It also makes us sleepless at night. No matter how good a sleeper one is, one can not be expected to sleep soundly at night when one's body is covered with perspiration. Here in Shanghai, our life in Summer is made much more intolerable because of the bad housing conditions. Unless we are very rich, we have no alternative but to live in those houses which resemble more pigeon holes than human habitations. In those houses, rooms are generally very small and ventilation is very poor. In the hot Summer days, those small and poorly ventilated rooms become virtually hot ovens, and the discomfort of sleeping therein can be easily imagined. Besides, the buzz of mosquitoes, the onslaughts of bugs, and the incessant tooting of motor-horns add further tortures to our sufferings from heat, and disturb our sleep. Unless our senses are as dull as those of an ox, we find it impossible to ignore these annoyances and close our eyes for a good slumber, no matter how heavy our eyelids may become. Even without these annoyances, we still can not have enough sleep at night as we generally go to bed very late and get up very early. We no longer look upon our bed as a place of comfort and recreation, and wish to tarry on it as we do in Winter time.

Because of our want of sleep at night, we naturally become drowsy in day time. We lose our usual vigor and freshness, and find ourselves in a state of weakness and sluggishness. We are prone to take naps wherever and whenever we can. In the afternoons, this nap-taking fad becomes so contagious, that here and there we are met with nappers. Even ricksha pullers sometimes lay down their vehicles and sit down under the shade of a tree for a little napping. In this drowsy state, we lose interest in our work, and find everything monotonous and tiresome. We can not concentrate our mind on any work: When we try to write, we can not find any inspiration; and when we try to read, we can not follow our thoughts. We make mistakes even in the writing of a short note or in the figuring out of a simple calculation. We doubt our own ability and knowledge, and complain of our absent-mindedness. In our movements, we become less alert and careful. A careful driver may totally ignore traffic regulations, and a chicken-hearted pedestrian may forget to observe traffic signals. This amply accounts for the reason why more accidents occur in the hot days than at any other time.

It also makes us likely to lose our temper and balance of mind. Possibly the hot weather also makes our temper hot, and so in the very warm days we are more apt to take offence, but less ready to conciliate. The loss of our appetite and the want of sleep all tend to make us irritable and irrational. As a consequence, we can not tolerate any slight provocation, and are prepared to draw our swords when there is nothing to defend. Just like our temper, our tongues also become loose and unmanageable. We can no longer respect the susceptibility of our friends, and do not hesitate to plunge ourselves into the battles of words. Thus in Summer, quarrels and fightings are common occurrences in the streets and other public places. What is true of a man of the street is also true of a man in the political field. If we care to review our history of the past few years, we would discover the fact that Summer has always been an ominous season for our domestic peace and political stability, and that many of our political squabbles and internecine wars have occurred in the months when high officials should proceed to summer resorts and bury their political axes.

Again, it makes us neglect our good appearance. We find it irksome to dress our hair, to shave our face, and to have ourselves fully dressed up. Both for convenience and for comfort, many of us disregard our appearance, and choose to have our hair cut very short. Some of us temporarily relinguish the habit of daily shaving. And most of us do not pay as much attention to the style of our raiment as to its comfort. In a word, we all become realistic, and insist on the comfort and convenience of our dress. Many of our foreign-dressed youths gladly revert to the wearing of non-stylish native garments, when they find that to follow the fashion means a great sacrifice of personal comfort. Ricksha pullers and manual workers are not ashamed to be seen in the public without anything on their upper bodies, and modern girls are not afraid to appear in the streets stockingless; for when we crave for comfort, we do not hesitate to overstep the bounds of decency and good manners.

Summer Adds to Superstitious Beliefs

And finally, it makes us very superstitious. The prevalence of cholera and malaria exacts a heavy toll of our lives every Summer. This high death rate can not but make us fear that our life is hanging in the balance. We, of course, are fully aware of our ephemeral existence in this world, but in Summer, we feel even more acutely the insecurity and uncertainty of our life. This sense of insecurity and uncertainty prompts us to solicit heavenly aid for our protection. Thus our superstitious belief finds its best expression in the Summer season. We have been told that in the seventh moon all the devils of the Hell come to visit this mundane world and seek their victims among human beings. We are too superstitious to doubt the truth of such a tale. As a measure to please those hellish invaders, we call for the services of Buddhists and Taoist priests, and burn plenty of joss-money, candles and incense-sticks. All the Buddhists and Taoist priests have so busy a time in the seventh moon, that they can earn enough money to pay for their living expenses of the other months. Besides, we find supernatural power in all natural phenomena. We believe that lightning is a sort of flash-light to reveal the inside of human heart, that thunder is a sort of warning to human beings in general, that thunderbolt is a sort of punishment intended for the very wicked persons, and that a person or animal electrocuted in a thunder storm meets the just death at the hands of God.

In spite of all what I have said, Summer has also its compensations. It supplies us a very good fruit in the form of watermelon. We love its shape, its colour, its taste, and its seeds. It is a favorite fruit to every Chinese, rich or poor, young or old. Summer and watermelon are so closely related, that we can not think of the one without thinking of the other. It is unthinkable that we can pass a hot Summer day without eating a slice of watermelon. We may now learn to eat ice-cream and drink sodawater, but watermelon remains as much popular with us as ever. Besides, Summer is the only season, when feminine beauty is all exposed to the naked eyes. The filmsy dress worn by modern girls gives a vivid outline of feminine curves which can not be seen in other seasons, If we want to give our eyes a real treat, we can go to the beaches or public swimming pools to see the mermaids clad in one-piece bathing suits. It is a sight which every one with a pair of eyes can enjoy. We may also go to those cabarets where taxi-dancers are attired in bathing suits in Summer. Therefore, in speaking of feminine beauty, we must concede that Summer is not totally without its attractions.

$30,000 Loan for Shensi Farmers

Negotiations for a loan of $300,000 have been completed in Sian between the Provincial Cooperative Commission and the Farmers Bank of China.

Anti-Enemy Association Organized at Kaifeng

(Special Correspondence from Kaifeng, Honan)

As the Japanese government is dispatching a huge army to Peiping and Tientsin with a view to occupying more Chinese territory, an organization known as "Backing Up the Troops Association Against the Nipponese," has just been formed in Kaifeng under the auspices of the Provincial Kuomintang Headquarters. Altogether 113 units, including different schools, have joined the association. Its main purposes, are: to raise funds to encourage the troops at the front, to enlarge propaganda work against the Japanese aggression among the country people, and boycott Japanese goods. The association started operations July 20. In the name of the association, two telegrams have been sent out. The first one was to General Chiang Kai-shek, as follows:

"The Japanese, lacking sincerity and turning against justice, are trying every effort to occupy more territory in our country. At the present they are dispatching a large body of troops, penetrating into Peiping and Tientsin, under the pretext of the Lukouchiao Incident. Their wild ambition is well-known to the whole world. The outrageous conduct of our enemy (Japanese) cannot be stopped through a peaceful settlement. We request your honor to issue immeditacly orders declaring war against our enemy. The recovering of the lost territories and the taking of revenge upon our enemy both are expected at the present time. The association, accompanied by the 30,000,000 people of Honan is ready to stand behind you to render service. It is, indeed, our duty to take revenge upon our enemy, and wipe away our national disgrace."

Another telegram sent to General Sung Cheh-yuan, chairman of the Hopei-Chahar Political Council, read as follows:

"The Japanese army, relying on their strong forces, are proveing to be cruel and greedy. At the present critical juncture, they dispatch troops, penetrating into Peiping and Tientsin, under the pretext of the Lukouchiao Incident. Though at the time of fighting, you still struggle for a peaceful settlement of the present trouble. But the Japanese lack sincerity and justice. They would take us as being cowardly and timid, when we try to settle the present trouble by peaceful means. To use diplomatic relations simply increases the proud spirit of our enemy. To meet the present crisis, the only way open for us is to seek peace through war, and it is impossible to settle it through peaceful means. We request your honor to leave Peiping for Paoting immediately to direct our troops to fight against the enemy. The association, accompanied by the people, and Honan, is ready to stand behind you to render service. The taking of revenge upon our enemy and the recovering of the lost territories both are expected at the present time."

Kaifeng, July 23, 1937.

"People's Tribune" Discusses "Disorganization" Loan of 1913

Considerable comment has been aroused in Shanghai over the terms of the "Reorganization Loan" of 1913 caused by changes in the administration of the Salt Gabelle, by which the loan was secured.

H. G. W. Woodhead, British editor of *Oriental Affairs*, has asserted that the foreigners employed in the Salt Inspectorate should be British, an idea to which the *People's Tribune* takes strong exception.

The Reorganization Loan would be more aptly called the "Disorganization Loan," the paper declares, for the loan was made to China over the objection of the Chinese Parliament, at the behest of Yuan Shih-kai—would-be emperor of China—and despite the strenuous objections of Dr. Sun Yat-sen and President Woodrow Wilson.

The loan, made by the Four-Power Banking Consortium, the paper continues, contributed to the disorganization of China by consolidating the power of Yuan Shi-kai and prolonging the reign of the Chinese war lords, thus extending the period of civil war in China.

The *People's Tribune* in its issue of July 16 points out that China has not explicitly recognized the loan, though its terms have been accepted as a measure of expediency. At any rate, it declares, the loan states that the officials to have charge of the Salt Inspectorate were to be foreigners, but that contrary to the claims of Woodhead the nationality of the foreigners is not designated, and certainly the loan does not provide that the top post must be held by a British subject "acceptable to the British Government."

Britain Purchases 259 Acres Near Penang to Be Used for Military Purposes

The British Government has purchased 259 acres of land near Penang, in the northeastern corner of the Strait Settlements, for military purposes, it was announced in the Official Gazette at Singapore July 16. It was not specified what kind of military works are to be erected on the site, which is about 400 miles northeast of Singapore.

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One Month of Aggressive Warfare in North China Costs Japan Yen 100,000,000

WITH Sino-Japanese friction overshadowing all other issues, the Seventy-First special session of the Diet was opened by Emperor Hirohito July 25.

Summoned under a constitutional provision requiring a legislative assembly within 90 days of a general election, the special session would ordinarily have passed off quietly with both the Government and the politicians agreeing to go through the procedure as a matter of form. With political parties vying with each other in ardor insofar as support of the Government's China policy is concerned, the Konoye Cabinet was expected to emerge with flying colors from the two-week sessions.

With their eyes trained intently on North China, Japan's parliamentarians assembled for actual business July 27, when they received the Government's reports on what *Domei* described as one of the gravest crises in the nation's recent history.

Finance Minister Okinori Kaya appealed to the House of Representatives to approve an emergency appropriation of Yen 96,700,000, the bulk of which will defray the cost of the North China Incident. As the Cabinet has already approved the expenditure of Yen 10,000,000 in the early stages of the incident, the monetary cost of the latest Sino-Japanese controversy to the nation's treasury will have exceeded Yen 100,000,000 in its first month.

Mr. Kaya July 25 informed the Cabinet that an extraordinary session of the Diet would have to be convoked to approve of another supplementary budgetary bill, in case the North China incident should remain unsettled by that time.

Reviewing Japan's foreign relations, which he described as "fraught with difficulties and problems," Foreign Minister Koki Kirota told the extraordinary session of the Diet at Tokyo July 27 that the settlement of the North China Incident "depends entirely" upon what course China will choose to follow. "There exists," he admitted, "a danger of an untoward outbreak at any moment."

In view of this situation, Mr. Hirota emphasized, the Tokyo Government is prepared to use "all available means consonant with the development of the situation" to protect Japanese nationals in China.

Japan Seeks "Stability in Far East"

Japan's policy in East Asia, the Foreign Minister declared, is "directed solely towards a realization of stability in East Asia, through conciliation and co-operation between Japan, Manchukuo and China, and by stopping the Communist invasion of the Orient." Regarding the Lukouchiao incident, Mr. Hirota asserted, the Japanese Government had maintained "a policy of seeking a settlement on the spot and a non-aggravation of the situation."

"Accordingly," the Foreign Minister continued, "the Government has been doing its best to effect a peaceful solution on the spot, and, at the same time, induce the Nanking Government to take proper steps for an early settlement of the question.

"It is my earnest hope that a prompt reconsideration on the part of the Chinese authorities will lead to a faithful execution of the terms of the settlement arrived at on the night of July 11," Mr. Hirota stated.

"In surveying the conditions in present-day China," he went on, "our Government cannot but profoundly regret to note that the anti-Japanese sentiments have been encouraged and systematically exploited for unifying public opinion and arousing nationalistic consciousness and that untoward incidents, evidently resulting therefrom, are taking place in various quarters in China."

Turning to Japan's relations with Soviet Russia, Mr. Hirota said that the Japanese Government was "deeply concerned over the state of things on the Manchukuo-Soviet frontier which gives rise to frequent frictions."

Members of Japanese House of Representatives Discuss North China Incident Expenses

Fully aware of the gravity of the current crisis, Japan's parliamentarians will discuss the measures proposed by the Government, a *Domei* message from Tokyo July 24 stated. Included among these will be a bill providing for the appropriation of funds for expenses incurred in connection with the North China incident.

The Government will also ask the House to approve its plans for the creation of a new Ministry of Health and Social Welfare, for the training of skilled labor, for the encouragement of industries and for the tightening of restrictions on exchange transactions.

Tokyo Sees Position in Hopei "Ominous" as Chinese Troops Fail to Withdraw

Ominous developments in Hopei, as a result of the failure of Chinese troops to withdraw from their positions, were reported in official dispatches received in Tokyo, July 24. "In violation of the accords reached on July 11 and 19," one of the reports said, "the Thirty-Seventh Division has not withdrawn from its positions, with the sole exception of the 218th Regiment, commanded by Col. Sun Chang-po, which evacuated Peiping."

Finance Minister Says Japanese Finance Not Affected by North China Crisis

Japanese financial circles have not been affected by the North China crisis, Okinori Kaya, Finance Minister, told members of the Privy Council July 21.

Prices Drop Heavily on Tokyo Exchange as Result of War in China

Reports of new hostilities in North China and of the disappearance of a bluejacket in Shanghai led to a bears' raid on the stock market in Tokyo July 26. Losses ranging between Yen 1 and Yen 7 were registered along a wide front, with the cottons and rayons being the heaviest losers.

Eight Communist Suspects Are Arrested in Tokyo on Charge of Agitation

Charged with utilizing legal labor unions for illegal purposes in accordance with the new policies of the Comintern, Susumu Washino, a Hosei University student, and five others were arrested early in June, according to the *Miyako*. On the basis of their testimony, Saburo Kino, an official of the financial affairs bureau of the Municipal Office and Yo Hasegawa, 20, a first-year student at Hosei University, were arrested on the same charge, the paper said.

Contributions to Japanese Army in China Exceed Yen 1,000,000

Reflecting popular solicitude for the welfare of the Japanese soldiers now in North China, Yen 413,274.29 was received in 366 separate donations in the twelve days from July 10 to July 22, the Tokyo War Office announced July 23. In addition, 23,271 "comfort" kits, containing sweets, cigarettes and other sundries, were received. These were valued at about Yen 50,000.

Ikeda Resigns from Bank of Japan Post—Toyotari Yuki Succeeds

Seihin Ikeda, governor of the Bank of Japan, July 27 tendered his resignation on grounds of ill-health. He was succeeded by Toyotaro Yuki, former Minister of Finance, and previously president of the Industrial Bank of Japan.

Hidaka Asks Protection for Japanese in Shanghai and Nanking

Adequate measures for the protection of Japanese lives and property in Nanking and Shanghai were asked July 25 by Shinrokuro Hidaka, Japanese Charge D'Affaires in the Chinese Capital, during a call on Kao Tsung-wu, Director of the Waichiaopu's Asiatic Affairs Department.

Japanese 1938-9 Naval Estimates Exceed Yen 800,000,000

A total estimate of more than Yen 800,000,000 for the navy in the 1938-39 fiscal year was decided on in the second-day session of the Navy Ministry's ministerial conference on the budget, held at the official residence of Navy Minister Mitsumasa Yonai in Tokyo July 14.

Of the total, the basic estimates amount to between Yen 560,000,000 and Yen 570,000,000 including Yen 200,000,000 for the second year shipbuilding expenditure for the so-called third replacement plan. New demands will amount to about Yen 300,000,000, including mainly demands for shipbuilding, land and sea equipment, naval air force readjustment, repairs, aeronautical research, adjustment of munitions replacement of batteries in submarines, et cetera.

Reactionary Society Formed in Ja to "Chastise" China

Agreeing that the Central Government must be "chastised" for its attitude in the current Sino-Japanese dispute, a group of reactionary leaders in Tokyo July 23 decided to form a China Policy Society. The promoters of the Society unanimously agreed that China's "illegal actions," which allegedly led to the outbreak of the North China incident, have their roots in the anti-Japanese movement, "fomented by the Chinese military clique and the Chinese Communist Party." They further came to the conclusion that time has come to apply "pressure" upon the "Chinese military clique, otherwise known as the Chiang Kai-shek administration." The main aim of new organization the will be to advocate the adoption of a "positive" policy towards China.

With the Nanking administration duly punished, the resolution declared, the welfare of both nations would be placed on a firm basis and perpetual universal peace will be assured. Another resolution, also passed by acclamation, voiced the Society's opposition to any foreign interference in the Sino-Japanese dispute. "Such interference," the resolution read, "will only help the Nanking Government, which is forever playing one country against another, and would thus aggravate the present tension."

Japan Would Maintain Peace in Far East—Promises to Safeguard Vested Rights

Japanese troops in North China are now obliged to take measures necessary for the unhindered discharge of their duties and to ensure a full observance of Sino-Japanese local agreements, a spokesman of the Japanese Government said in Tokyo July 27 following an emergency meeting of the Cabinet in the Diet building. "What Japan wants," the spokesman declared, "is eradication of the causes of the series of recent untsward incidents. Therefore, Japan has no intention to antagonize the law-abiding Chinese people, nor has Japan any territorial designs.

"The Japanese Government," he went on, "will spare no efforts to safeguard the vested rights and interests of foreign powers in North China.

"Things have come to a sorry pass but the Japanese Government, which deems the maintenance of peace in East Asia as its mission, is as earnestly desirous as ever of reaching an amicable settlement speedily, through a reconsideration of her stand by China and a localization of the incident to the minimum."

War Minister Sugiyama Expects Chinese to Apologize

War Minister Sugiyama in reporting on the recent incidents in North China, said they were the outcome of nothing else than a manifestation of China's anti-Japanese attitude. "For the sake of our national prestige and also for the sake of securing peace in the Far East, we must obtain Chinese apologies for the recent outrages in particular and for the entire anti-Japanese movement in general," he said.

Navy Minister Sees Reprecussions in South China

Admiral Mitsumasa Yonai, Navy Minister, told the Diet that past experience has shown that "an aggravation of the situation in North China is invariably followed by repercussions in South China." The Navy, therefore, he added, is standing by, in co-operation with the Army's operations in North China.

China's June Foreign Trade Shows Net Imports of $114,675,736; Exports, $84,829,909

According to the monthly returns issued by the Chinese Maritime Customs covering the foreign trade of this country, net imports during June 1937 totalled $114,675,736. Net exports totalled $84,829,909. January-June figures were $606,014,965 and $482,859,251 respectively, as compared with the corresponding figures last year of $459,000,244 and $332,711,469.

Peiping-Hankow Railway Losses Exceed $1,000,000

As a result of the Lukouchiao incident, the Peiping-Hankow Railway sustained a loss of over $1,000,000, according to a preliminary estimate of the railway administration.

Cotton Adulteration Regulations Approved by Executive Yuan

Complying with the petition of Wu Ting-chang, Minister of Industry, the Executive Yuan, July 20 approved the draft of a set of Revised Bye-laws relating to the Application of the Provisional Regulations governing the Prohibition of Adulteration of Cotton by Water and other Admixtures. It was decided that the Revised Rules be submitted to the National Government for promulgation.

Overseas Economic Conference to Be Held in Nanking Next Year

Complying with the petition of Chen Shu-jen, Chairman of the Central Overseas Affairs Commission, the Executive Yuan, July 20, decided to convene an Overseas Economic Conference in the Capital on April 16 next year.

Through Rail Service to Canton to Start Nov. 1

The Nanking-Shanghai-Canton through train service will be formally inaugurated on November 1.

Shanghai Silk Filatures Suffer from Lack of Raw Material

Silk filatures in Shanghai are suffering from lack of raw materials as the result of a ban on the export of cocoons recently imposed by the Chekiang Provincial authorities.

Rayon Factory to Be Established Near Hangchow

Backed by banking circles in Shanghai, a rayon (artificial silk) factory to be known as the East-China Rayon Factory will be established at Fuyanghsien, south-west of Hangchow.

Japanese Military Hopes to Cover All of Hopei and Chahar

The Japanese military in North China is attempting to carry out a plan laid down by Major-General Kenji Doihara, the "Lawrence of Manchuria," for the enlargement of the "East Hopei Autonomous and Anti-Communist State," to include the entire province of Hopei and also Chahar, according to unconfirmed reports received here from Tientsin, published in the Shanghai *Evening Post*, July 24.

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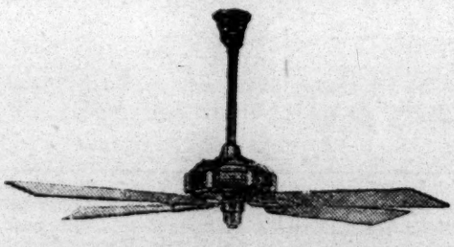

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Dangers for China in Pacific Anti-Aggression Pacts

BY SHIH KUO-KANG

(Translation from Eastern Miscellany, Shanghai)

Facts have shown that the Washington Conference did not accomplish the desired ends, and now the whole Pacific is without a treaty in international relationship. There is grave danger in this state of affairs, and a way must be found soon to remedy matters. When Mr. Lyons, Prime Minister of the Australian Commonwealth, expressed the opinion at the recent Empire Conference in London that there should be complete understanding and an anti-aggression pact among the nations in the whole Pacific, the attention of all concerned was at once attracted to his proposal.

Mr. Lyons said that Australia was very much concerned about the problems of the Pacific, and would be glad to consider with any nation the possibility of an accord among the nations and the signing of an anti-aggression pact, in accordance with the spirit of the League of Nations. He did not make any concrete proposal but stated the question would be brought up for discussion at the Empire Conference, and should any concrete proposal be adopted, the British Government would look into it. It seems however, that the day is far off for action, but the question is one of great concern to our country, and it is desirable to discuss its possibilities.

Since the failure of the League of Nations to settle the Mukden incident, it became more evident that regional pacts are the forerunners of adequate collective security plans for the maintenance of peace in the world. However, regional pacts are difficult to conclude, as there must be a fundamental attribute by which each party must abide. Unfortunately, around the Pacific this attribute is lacking as can easily be seen by students of international affairs. Let us ask how can collective security be established in view of the fact that Great Britain, the U.S.A. and Japan vie with each other in naval strength, and in the fortification of islands in the Pacific—to say nothing of the disputes between China and Japan. If the spirit of the League of Nations is to be followed, as Mr. Lyons said, the U.S.A. and Japan will surely not participate, not being members of the League.

In regard to non-aggression pacts, there are two-party and multiple-party agreements. The U.S.S.R. on several occasions approached Japan to enter a mutual pact, but Japan did not wish to, making the excuse of not being ready to consider the question before the settlement of frontier incidents. Recently there was a lot of talk of a pact between the U.S.A. and Japan, but the former was cold towards the proposition, and the then Japanese Foreign Minister, Mr. Sato, stated that Japan did not approach the U.S.A. on the proposition. As for China and Japan, there is no room whatever for this question to be discussed so long as the Manchurian question is not settled. Therefore there is no possibility of Japan's entering into a non-aggression pact with either Russia, the U.S.A. or China. Since Japan, Soviet Russia, and the U.S.A., representing the big Powers in the Pacific, cannot come to an agreement, there is no reason to expect that there can be one.

Lyons Probably Seeking Regional Understandings

From the foregoing it is plain there can be no understanding among the nations in the Pacific, much less any prospect of their entering into a non-aggression pact. We must, however, try to see what is the significance of an utterance by such a man as the Premier of Australia, understanding as he did the international situation full well, especially in view of the statement being made at the Imperial Conferences. According to a report by the Havas London correspondent of May 19, 1937, the people of Australia, believed there were two purposes—for a clear statement of policy before the election, and as a feeler as to the attitude of the Government of Great Britain.

Mr. Lyons did not make a detailed statement as to his plans, but from the facts available conjectures may be made. We feel that Mr. Lyons did not make the statement vis-a-vis the Pacific alone or with the Pacific as the sole objective. Most probably he was seeking regional understandings—such as an understanding between New Zealand and Great Britain, France, Japan, Holland, Portugal and Australia,—as there is much greater hope of success in regional collective security plans, than in a scheme covering the whole Pacific area.

Since Japan adapted her Continental and Southward policies, the whole of East Asia and the Southern Pacific feel a threat to their safety, and Australia is no exception. She is not strong enough to defend herself, and Great Britain at present cannot guarantee her safety, and so she is very anxious to come to an understanding with Japan. This can be seen from the fact that Australia compromised with Japan in her trade agreement. Besides, the Pacific question is very important in the coming Commonwealth election, as Australians watch closely relationships with Japan. Australia alone cannot do anything concrete, and that was why Mr. Lyons wanted to sound the feelings of the other dominions and Great Britain at the Imperial Conference.

As for Great Britain, we all know she pursues the policy of keeping peace—at least she wants peace during the period of preparation. Sir John Simon, the former Secretary of State for Foreign Affairs, refused to co-operate with Mr. Stimson; Sir Samuel Hoare suggested to Italy the partition of Abyssinia, and though because of public opinion he and the French had to support the League in this matter, they did not want to go a step further in applying sanctions in regard to gasoline supplies for Italy;—all this was for the purpose of avoiding conflict and not basically for the keeping of peace. It is true the Far East is full of danger of war, but Great Britain is too busy with the affairs of Europe to meddle with affairs in the Far East. For this reason Sir Frederick Leith-Ross went to Japan twice with the hope of coming to an understanding with Japan on Far Eastern questions, so that Great Britain might not be drawn into the vortex of warfare, but unfortunately Japan did not then have the intention of reaching a compromise with Great Britain.

Japan has now definitely changed her mind; otherwise, how can there be any prospect of Japan entering into conference with Great Britain in London? Now, with inspiration from Australia, Great Britain might revive her old desire of regional pacts in the Pacific for collective security. As for France, since she has to cooperate with Great Britain because of Germany, most probably she has to fall in line with Great Britain in regard to Pacific problems. Long ago there were reports of Holland co-operating with Great Britain in military activities in the East, and so whatever agreement Great Britain may enter into with Japan, Holland will probably participate. There is no question in regard to Portugal, because she is always protected by Great Britain, and New Zealand will doubtless come in as she is in the same position as Australia. So it is most likely that a collective security agreement can be entered into by Great Britain, France, Japan, Holland, Portugal, Australia and New Zealand for regional non-aggression understanding.

Pacts to Avoid Aggression Against China

Should, unfortunately, what we conjecture as possible happen to come true, then encouragement will be given to our aggressors to make further inroads in their aggressions, and in these circumstances we should do our best to prepare to meet the situation. As a negative measure we should express our approval in principle of regional non-aggression pacts, as it is the desire of China that the world should enjoy peace, especially in the Pacific, and, what is more, China has no desire whatever for aggression against others. Nevertheless, the pacts should be entered into on two principles—that it should be an entity and that the territorial integrity and sovereignty of China should not be further infringed but be restored as soon as possible.

We crave for peace, but are not willing to accept peace under duress. Unless the territorial integrity and sovereignty of China is respected, there is no room for us to enter any regional non-aggression pact. The peace of the Pacific cannot be maintained at the sacrifice of China's sovereign rights, and this point should be borne in mind by those mindful of the peace of the Pacific. Should Great Britain resort to her old policy by avoiding conflicts through regional understanding, without regard to permanent peace, then China should take positive measures.

Since the National Peace Ballot of 1935 the people of Great Britain have begun to understand more about, and support more earnestly, the principles upheld by the League of Nations. Thus we can appeal to the public opinion of Great Britain not to resort to any make-shift policy of keeping peace in the Pacific. Furthermore, Canada may not agree to enter into such regional pacts because of her relationship with the U.S.A. She may be a deciding factor in the question of regional non-aggression pacts in the Pacific.

Great Britain may not want to offend China, and so pacts unfavorable to China may not be concluded by her, but we should not rely too much on this, and should prepare for contingencies. On the other hand we ourselves should devise some means for permanently keeping peace in the Pacific. This we can do by coming to an understanding with any nation which respects the territorial integrity and sovereign rights of China, and enter into non-aggression pacts with them. In this way we can ward off the peace-breaking element of the opposite camp.

In short, during this time our diplomatic service should work hard for a solution of the impasse now obtaining in our relationship with other Powers.

Emergency Measures Perfected for Benefit of Americans Resident in Peiping

In a circular order issued to all American nationals in Peiping July 26, Col. John Marston, Commandant of the United States Marine Corps, announced that in case of emergency a "warning signal" will be given. The warning it was stated, will be hoisted atop the radio mast at the United States Embassy compound. with blue flag and a white square in the day time, and white and red lights at night. Upon noticing such a signal, it was explained, all American citizens must immediately make their way to one of the following assembly places: The Methodist Mission, the Peiping Union Medical College, the College of Chinese Studies, the Presbyterian Mission, the Chung Teh School, the French Cathedral, and the United States Marine Guard Compound.

Present Soviet "Purification" Aims at Total Elimination of Opposition

The total elimination of members of the opposition is the aim of the present purification in the U.S.S.R. of leading circles in the administration and the Communist Party, according to latest reports from Moscow, which assert that 25 per cent of the party membership, or about 700,000 persons, have been expelled from the party, many of whom were imprisoned or shot.

It is understood that the purification was due mainly to reasons of internal policy. The conflict with the army chiefs originated with the decision to create military Soviets in each military district in order to strengthen the political control over the army. Many of the army leaders objected to such a measure because it would weaken their authority and diminish discipline.

The trial and execution of another 24 railway officials in Habarovsk for alleged spying was reported in Moscow July 10. All the condemned were alleged to be members of a "Trotskyist and Japanese terrorist spying organization operating on the Voroshiloff branch of the Far Eastern railway."

Soviets to Have World's Longest Telephone Line

Soviet engineers are at work on what will be the longest telephone line in the world, a connection which stretches across the vast expanse of Russia, from Moscow to Khabarovsk. Meanwhile, negotiations are afoot for radio telephone communications between the Soviet Union and the United States.

Corpse of Japanese Police Officer Handed Over by the Soviets Upon Request

Upon the request of the Japanese Government, the corpse of the Japanese police officer, Hihuma Hacri, was handed over by the Soviet authorities. The police officer was killed in Soviet territory in a skirmish between an armed Japanese, group, which crossed the frontier the previous day on the southern section of the Soviet-Manchurian frontier, and Soviet frontier guards.

Soviets and Manchurians Engage in Clash on Korean Border

Soviet troops at about 4 p.m. July 18 suddenly fired on the Manchukuo border guards at Boundary Mark No. 6 in Wuchiatzu, Manchukuo, on the opposite bank of the river from Keiko, Kankyo Hokudo, Korea, after crossing the border and invading Manchukuo territory. The Manchurians returned the fire and after some fighting the Soviets were driven back, according to a message from Ranan, Korea, in the Tokyo Asahi July 20.

"Tass" Director Reported Arrested—Allegedly Suppressed "Trotskyist Wrecking"

M. Doletski, managing director of the official *Tass* News Agency for many years, who was recently reported to have been arrested, and other members of his staff were denounced in Moscow July 26 as "Trotskyist public enemies" by Molot, the official organ of the Rostoff Communist Party.

As an example of their alleged Trotskyist sabotage, the journal declared that M. Prilutski, Rostoff manager of *Tass*, "suppressed the public prosecutor's summing up in certain trials and issued false information as to the Rostoff cotton harvest, thereby covering up Trotskyist wrecking."

Soon after this, Molot continued, M. Doletski ordered a high award to be given Prilutski, who jealously executed Doletski's "criminal instructions and particularly acceded to his request not to publish negative data." M. Prilutski, it was claimed, deliberately sabotaged the campaign to unmask enemies who were operating in local organisations.

Marshal Bluecher Believed to Be Under Arrest

Advices from Moscow this week indicated that further arrests had been made throughout the Soviet Union and the names of several prominent personalities were mentioned in this connection.

It was mentioned by *Trans Ocean* that although Marshal Bluecher —who had come to Moscow to sit on the court martial which passed the death sentences on Marshal Tukhachevsky and seven other generals—is known to have left Moscow for the Far East some time ago, nothing so far has been heard of his arrival at his destination. The military measures recently adopted in the Far East notably on the occasion of the Amur conflict between Soviet Russian and Japanese troops were—it is asserted—taken by General Chernyshev. It is further stated that wholesale arrests are now being made by the GPU among Marshal Bluecher's adherents in the Far East.

Leningrad Communal Bank in Difficulties

Serious financial difficulties are stated by the official organ of the Commissiarat for Finance, *Ekonomitcheskaia Shisn*, to have arisen at the Leningrad Communal Bank, with the result that a number of industrial undertakings are not able to pay wages to their workers.

The paper affirmed that already on July 1 no fewer than 230 undertakings were placed in the impossibility of meeting their liabilities in this respect and that the unpaid wages now owing to the workers amount to 4,500,000 rubles.

A Picture Of Health !

A bright, smiling face and plump, rosy cheeks denote a child's healthy progress. Every child should be like this. If your little son or daughter is thin and pale it is most likely that there is some derangement in the digestive organs and when such is the case, a dose or two of Baby's Own Tablets will usually correct the trouble, after which the child quickly begins to gain weight and recover health and happiness.

"Our little boy is just three. When teething he was very cross and peevish, with a high temperature, but Baby's Own Tablets always made him happy and contented, sometimes in less than an hour. They have been his only medicine ever since he was six months old." states Mrs. Jeffries, of 36, Green Lane, Rugeley, England.

Baby's Own Tablets, are pleasant in taste so children like them, which makes them easy to give, and being in tablet form accuracy of dosage is assured. They are mildly laxative and are a specific for all the minor health troubles to which babies and little children are subject, constipation, upset stomach, 'wind', diarrhoea, colds, croup, simple fever, teething troubles, and worms. Sold by all chemists.

BABY'S OWN TABLETS
Mother's Help and Baby's Friend

JAPANESE ALSO DEMAND WITHDRAWAL OF SOUTH CHINA TROOPS; KULING CONFERENCE CONTINUES

(*Continued from page 313*)

Council, administered the oath on behalf of the Central Kuomintang, the National Government and the Military Affairs Commission respectively. Until his present appointment, General Yu was chairman of the Kansu provincial government. He was chairman of the Hopei provincial government. from 1932 to 1935.

DISCOVERY OF REINCARNATION OF DALAI LAMA SAID CONFIRMED

Official confirmation of the discovery of the reincarnation of the Dalai Lama following one and half years of search in pasture lands of Chinghai has reached Nanking. The reincarnation was stated to have been found in a Buddhist temple at Taerssu in Chinghai by a party of Lama priests sent specially on the mission. The Panchen Lama has decided to return to Tibet, said a *Reuter* report from Simla July 21.

SINKIANG REPRESENTATIVE ARRIVES AT NANKING TO SUBMIT REPORT

Major-General Jao Lo-po, Garrison Commander for Hami, eastern Sinkiang, arrived at Nanking July 24. He was welcomed by representatives of the Mongolian and Tibetan Affairs Commission, the General Staff Department, the Nanking Office of the Chinghai Provincial Government, the Sinkiang Residents' Association and the Mohammedan community. On behalf of General Sheng Shih-tsai, Defence Commissioner for the Sinkiang Border, the Sinkiang delegate will report to General Chiang Kai-shek and other Central Government leaders, on conditions in the border province.

NANKING DELEGATES TO NATIONAL PEOPLE'S CONGRESS ELECTED

The ballots for the election of delegates to the National People's Congress in the Municipality of Nanking were opened July 22. Indicating the great interest in the elections, a large number of citizens watched the counting of the ballots. According to an announcement made after counting, Wang Jen-lin, Chou Fu, Liu Po-min and Tu Hsin-ju were elected Nanking delegates to the forthcoming Congress with Liu Ching-sheng, Wang Fang, Huang Hou-tuan and Wu Mu-lan as reserves. It is stated that out of 600,000 citizens in the Capital, more than 280,000 went to the polls.

Reports received by the General Electrion Office at the Capital indicate that re-election of delegates was conducted by the various provinces and municipalities between the 20th and 22nd inst. The returns will be submitted to the General Office shortly.

NORTHEASTERN DELEGATES FOR NATIONAL CONGRESS

Northeastern residents in Nanking went to the polls July 26 to elect their respreentatives to the forthcoming National People's Congress. Those who cast their votes at the election included 252 natives of Kirin, 184 of Liaoning, 54 of Heilungkiang, 169 of Jehol and eight of Harbin.

WANG YUNG-PING SPEAKS ON CHINA'S PROGRESS IN JUDICIAL ADMINISTRATION

The progress achieved in China's judicial administration during the last two years formed the subject of a report rendered by Wang Yung-pin, Minister of Justice, at the weekly memorial service at the Central Party Headquarters July 26. During the last two years, Mr. Wang said, the Ministry of Justice has spared no efforts in securing an independent judicial machinery from political influence. Accordingly, it has set up 200 district courts in said period and 900 judicial departments in districts where lawsuits were formerly handled by magistrates. With the exception of the far-flung provinces of Yunnan, Chinghai and Sinkiang where more time will have to be taken for judicial reform, the practice of *hsien* magistrates interfering with judicial affairs has become historial antiquity. For decades, Mr. Wang recalled, courts in China have been ill-administered. Cases accumulated and innocent people often were illegally detained. These evil practices can no longer be found now. By order of the Ministry of Justice, all cases hitherto piled up in courts were cleared up last July. Again, prisons were "virtual hells" previously, he said. The Ministry has now instituted prison sanitary facilities, and a better method of management has been introduced into the 607 prisons in the country. Mr. Wang finally divulged that the Ministry is planning to erect several modern prisons capable of accomodating 5,000 prisoners each. There will be classrooms, play grounds and workshops in them. The inmates will be taught to lead a new life so that when released they will become useful citizens.

LIU LU-YING'S APPEAL IN ASSASSINATION CASE TO BE HEARD AT NANKING

The appeals of the several accused involved in the assassination of Yang Yung-tai, former Chairman of Hupeh, were heard July 22 at the Hupeh Provincial High Court. Liu Lu-yin, suspended member of the C.E.C., and Chiung Po-chou, having asked for a change of jurisdiction, will have his appeal heard by the Supreme Court at Nanking. Cheng Hsi-chao, the man who fired the fatal shot at Mr. Yang, maintained a definat attitude throughout the hearing July 22. He asked the Judge to give him a speedy death. Li Chun-chien and Wen Mou-kuan were granted bail on account of illness.

Hongkew in Turmoil as Result of "Kidnapping" of Japanese Marine*

The "disappearance" of a Japanese marine in the Hongkew section of Shanghai, under circumstances strongly reminiscent of the disappearance of a Japanese Vice Consul in Nanking a few years ago, caused a temporary flurry in that neighborhood during the night of July 24, and for a few days thereafter. The "disappearance" of the bluejacket was ascribed by an unknown informer, said to be a Japanese of "thin" appearance (who also "disappeared"), to his having been kidnapped in a motor car by a group of Chinese.

The result of the report was that Japanese Naval patrols were massed in various parts of Hongkew, and also in the adjoining Chinese area, particularly at the spot where the kidnapping is said to have occurred, namely near the corner of Dixwell Road and North Szechuen Road—time about 9.20 p.m. Outside of the Dixwell Road barracks of the Landing Party a long line of military trucks was drawn up ready to convey marines to any part of the Hongkew district.

Huge Exodus of Chinese from Chapei

The net result of the Japanese military preparations has been to cause a huge exodus of Chinese from the Chapei district, which was the scene of Japanese bombings in the Shanghai War of 1932.

The supposed missing man was Sadao Miyazaki, 21 years of age. His picture was duly circulated by the official *Domei* news agency. Although there never has been any news of the return of the missing Japanese seaman it was noticeable that the intensity of the Japanese military preparations in the neighborhood calmed down very decidedly on the following day. The Greater Shanghai authorities and the Shanghai Municipal Police gave sympathetic assistance to the Japanese authorities in their efforts to find the "missing" man.

Japanese Consul General Appreciates Assistance of Greater Shanghai Authorities

In a visit to O. K. Yui, acting Mayor, on the following day, S. Okamoto, Japanese Consul General expressed appreciation to Mr. Yui for the assistance of the Greater Shanghai authorities in investigating the circumstances surrounding the affair. The Japanese Consul-General also informed Mr. Yui of the withdrawal of the Naval Landing Party units from the Chinese area. Yui expressed deep regret over the unwarranted activities of the Japanese Naval Landing Party, which sent out fully-equipped patrols to territory outside of the International Settlement even before they had made any investigations into the incident.

The indications are that this particular incident will be buried in the deepest oblivion, as it is rumored that the missing Japanese was merely enjoying a "night out" as he had done on several previous occasions since his coming here in May.

"Japanese Playing with Fire," Says "China Times"

The *China Times* in discussing the incident said the Japanese were "playing with fire." Recalling the "missing" of a Japanese Vice-Consul-General in Nanking a few years ago, the *Ta Kung Pao* drew the conclusion that the present "missing" of a Japanese seaman in Shanghai was a "farce."

Missing—One Japanese Flag, 10 Watermelons, and a Chicken

Two days after the Miyazaki "disappearance," the Japanese newspapers in Shanghai played up another minor affair in a manner calculated to inflame the local Japanese community.

According to one Kiyoshi Temizu, a fruit dealer in Jukong road, he had been informed by a Chinese caretaker that the flagpole on his Kiangwan farm had been pulled down and a Japanese flag flying from it torn off during the night. Also stated to be missing were 10 watermelons and one chicken.

Japanese reporters who proceeded to the scene allegedly found a barbed wire fence around the farm torn off, while footprints near the caretakers' shed pointed to the presence there of a large group of persons during the night. The flag-pole, with dangling strands of white cloth, indicating that the flag had been torn off, was lying nearby. This was seized by the consular police. Vegetable beds had also been trampled upon. The destruction was ascribed to members of the Chinese Peace Preservation Corps, who, it was said, had been holding maneuvers in the neighborhood almost every night.

***Miyazaki turned up at Nanking on the afternoon of July 28, in a destitute condition. He was taken into custody by Chinese gendarmes and in due course turned over to the Japanese Embassy. A deserter, he started his four days of adventure with a night spent in a Hongkew brothel.**

Abortive Attempt on Life of Ambassador Kawagoe

"A bold attempt" by a Chinese military officer to assassinate Shigeru Kawagoe, Japanese Ambassador to China, visiting there, was foiled July 17, the Japanese Consulate-General in Tientsin announced July 22. The alleged would-be assassin, the communique said, was Tsai Shu-tang, described as a former "high staff officer" under Gen. Feng Yu-hsiang, vice-chairman of the Nanking Government's Military Affairs Commission.

"China Must Fight Now"

BY CHEN I-WAN

CHINA must not fight now."—writes Nathaniel Peffer in a recent number of *Asia Magazine*, the leading popular American journal on Eastern affairs.

China—he continues—must not get overconfident with its latest successes in repelling Japanese encroachment. China must not get truculent and make the Japanese "lose face," or the Japanese militarists will get mad (madder than they are?—author) and, says Mr. Peffer "they will act with the same decisiveness as in 1931, and probably with the same effect." (i.e. North China will also be "lost")

Therefore, says Mr. Peffer, "if I had the power to decree the conduct of the Chinese race, my orders would be simple: work, strengthen the nation, keep still. Those orders would remain in effect for ten years."

Mr. Peffer backs up these theses with certain historical arguments, and considerations of the relative strength of China and Japan, which he argues will inevitably change in China's favor as time rolls on.

If Mr. Peffer only wanted to say "China—be cautious, prepare!"—we would agree with him wholeheartedly, but Mr. Peffer says much more than this. And the sum total is a crude distortion of recent Chinese history—so far as his "historical" arguments go—and the propagation of a dangerous psychological attitude of near defeatism, a smug satisfaction in the "long view" that some day, sometime, things will right themselves.

Mr. Peffer says that the present overconfidence of the Chinese people "may succeed in bringing on a war that is not easy to prevent in any case, but that could still be prevented." He means presumably that having worked for ten or more years, strengthened itself and kept still under the daily humilitations, bullyings and terrorization of the Japanese imperialists in order to prevent war, China would be made a present of all her lost territories. Many Chinese used to believe that the Great Powers or the League of Nations would fight for her against Japanese imperialism. We are glad to know from Mr. Peffer, that Time itself is now fighting for us—with almost as much success as the League of Nations!

China—says Mr. Peffer,—became intoxicated with the successes of the revolution in 1924-28, and—the Chinese Eastern Railway was seized! That is, the Chinese masses in their revolutionary intoxication turned on the only country that had treated them on a basis of equality and tried to snatch away a piece of the hard-won property of the workers and peasants of the USSR. This is indeed an ingenious new version of that militaristic adventure undertaken by the Japanese imperialists through their puppet Manchurian War Lords and White Russian gangsters.

In 1931 the Chinese were still "intoxicated" and truculent, according to Mr. Peffer, and they made the unpardonable mistake of being "defiant and threatening" with the Japanese in South Manchuria "And the result was September 18th—Manchukuo, East Hopei Autonomous Council and quasi-Japanese political control in North China." Presumably Mr. Peffer includes also the Japanese attack on Shanghai and Suiyuan. Says Mr. Peffer—"whatever may be said of the justice or injustice of what the Japanese have done, the fact is that the Chinese brought it on. They gave the Japanese provocation."

Mr. Peffer has to go far afield indeed for his "historical" arguments for "caution." Does he seriously mean to say that if China during all these years had "worked, strengthened the nation and kept still," none of these events would have happened? Does he mean that the Japanese imperialists would have looked on in pleased silence while China strengthened herself? Mr. Peffer has swallowed the Japanese propaganda about the September 18th "incident" hook, line and sinker.

Mr. Peffer makes some strange reservations. He says: "By no dialectical manipulations can Japan's encroachments in North China be justified—leaving aside now the question of Manchuria." One wonders why Mr. Peffer wants to "leave aside Manchuria"?—is this not also an integral part of China, or has Mr. Peffer been won over by Japanese "dialectical manipulations" and lost his faith in the simple facts of geography and history.

Mr. Peffer says that "if China had its back to the wall, if the choice were only between war, though a losing war, and enslavement to Japan then perhaps (only perhaps—author) war would be the lesser of two evils. If the Japanese resume their insistence on the separation of the five Northern provinces and the appointment of Japanese "advisers" to crucial posts in the Chinese administrative system, then quite likely (!) the Chinese have no choice."

Mr. Peffer warns Japan that "any attempts at further advance will lead to war." But he says, that unless Japan makes such an attempt the *status quo* is the least of all evils for the present. China must keep still, although he admits "there is no reason to believe in a permanent renunciation" of Japan's imperialist plans.

A few months before his arrival in China Mr. Peffer was of the opinion that it was ridiculous for China to think of fighting Japan in defense of its territories. Mr. Peffer still thinks so, together with our Chinese reactionaries. (Bad company, Mr. Peffer!)

(*Continued on page 341*)

In the United States Court for China

IN BANKRUPTCY.

IN RE BANKRUPTCY OF EDOUARDO FRANCISCO PALMA, A BANKRUPT.	Cause No. 4118 S.P. No. 1997 PETITION FOR DISCHARGE Filed at Shanghai China. the 20th day of July, 1937. William T. Collins, Clerk.

BANKRUPT'S PETITION FOR DISCHARGE.

To the Honorable Milton J. Helmick, Judge of the United States Court for China:

Edouardo Francisco Palma, of Shanghai, China, respectfully represents that on the 17th day of September, last past, he was duly adjuged bankrupt under the acts of Congress relating to bankruptcy, that he has fully surrendered all his property and rights of property, and has fully complied with all the requirements of said acts and of the orders of the Court touching his bankruptcy.

Wherefore he prays that he may be decreed by the Court to have a full discharge from all debts provable against his estate under said bankruptcy acts, except such debts as are excepted by law from such discharge.

Dated this 20th day of July, 1937.

P. F. FAISON
Attorney for Bankrupt.

ORDER OF NOTICE THEREON.

Shanghai, China, ss:

On this 20th day of July, 1937, on reading the foregoing petition, it is—

Ordered by the Court, that a hearing be had upon the same on the 15th day of September, 1937, before said Court, at Shanghai, China, at 2.15 o'clock in the afternoon; and that notice thereof be published in the China Weekly Review a newspaper printed in said city of Shanghai, China, and that all known creditors and other persons in interest may appear at the said time and place and show cause, if any they have, why the prayer of the said petitioner should not be granted.

And it is further ordered by the Court, that the clerk shall send by mail to all known creditors copies of said petition and this order, addressed to them at their places of residence as stated.

Witness the Honorable Milton J. Helmick, Judge of the said Court, and the seal thereof, at Shanghai, China, on the 20th day of July, 1937.

WILLIAM T. COLLINS, Clerk.

CHINESE PRESS OPINION ON NORTH CHINA WAR

China Does Not Hope for Foreign Assistance, Says "Ta Kung Pao"

The allegation by the Japanese Government that China is "playing one power against another" with a view to securing foreign help in the solution of the Lukouchiao question was emphatically refuted by the *Ta Kung Pao* in a leading article July 23.

Amidst reports of renewed fighting at Lukouchiao, the official *Central Daily News* July 21 editorially advised the Japanese Government to check the provocative actions of the Japanese Garrison in North China in order to salvage the last vestige of hope for peace.

Recalling the fact that Tokyo has repeatedly avowed its desire to localize the Lukouchiao incident, the journal said that the immediate cessation of all Japanese provocations would facilitate the settlement of the dispute through regular diplomatic channels.

The paper reminded Japan that China's national policy has long been formulated, and that the loyalty of the Chinese people to their country and their support for their leader have increased with time. If forced to the last extremity, they will not hesitate to follow their leader in a struggle for eventual victory.

Shanghai Chinese Dailies See Situation More Serious Despite Withdrawal of Chinese Forces

Despite the eased atmosphere in North China as a result of the withdrawal of Chinese troops from the "troubled area," leading vernacular papers in Shanghai July 24 editorially warned the public that optimism for peace is still premature. Instead, the journals unanimously agreed, the situation is even more serious than that at the outbreak of the Lukouchiao incident.

Shanghai Chinese Newspapers Say "Last Minute" for Abandoning Hope for Peace Has Arrived

With large scale fighting in North China threatening, practically all leading Chinese papers in Shanghai July 27 expressed the opinion that the "last minute" for the abandoning of hopes for peace had arrived. The journals unanimously declared that China has reached her limit of endurance and there was no more room to retreat.

The *Ta Kung Pao* offered two points for consideration of the authorities: Firstly, Gen. Sung Cheh-yuan should be responsible to the Central Government, and his 29th Army should form a portion of the uniform movement of the country and receive their orders directly from Generalissimo Chiang Kai-shek; Secondly, the ultimate responsibility should rest with the Central Government. Now that the last minute has arrived, it should make known its attitude and movement and give final instructions to Gen. Sung Cheh-yuan.

The *Shun Pao* and the *Central China Daily News* both clamored for the last sacrifice in view of the gravity of the situation.

Nanking Press Sees Japanese Determined to "Annex" Peiping and Tientsin

The clash at Langfang was viewed by the Nanking journals July 27 as purposely provoked by the Japanese troops as another step forward to "annex" Peiping and Tientsin. After describing the strategic importance of Langfang, the *New Capital Daily* said in an editorial that the Japanese attack upon Langfang was launched in accordance with their preconceived plan of gradually consolidating their military position before actually occupying Peiping and Tientsin.

The *Morning Post* declared that the provocative activities of Japanese troops at Langfang are tantamount to forcing war upon China in order to snatch Peiping and Tientsin and even Hopei and Chahar.

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JAPANESE PRESS OPINION

Shanghai "Mainichi" Sees Certain Dangers Lurking in China-Japanese War

Political measures that would prevent a Sino-Japanese war from degenerating into a Communist-inspired Chinese national emancipation movement of an anti-Japanese character were seen necessary by the *Shanghai Mainichi* in an editorial Dec. 23 discussing the current situation.

"So long as the objective of the Japanese forces lies in chastizing local anti-Japanese elements and the purpose of the Nanking Government is limited to a defence of local territorial sovereignty, war would end in a brief time," the daily stated. "But a Sino-Japanese war possesses the dangerous possibility of turning into a national emnacipation movement on the part of the Chinese," the *Mainichi* warned.

Tokyo "Asahi" Says Nine-Power Treaty Does Not Apply to North China Incident

China's appeal for the invocation of the nine-Power Treaty does not surprise officials in Tokyo; the Nine-Power Pact does not apply to the North China Incident, the *Tokyo Asahi* said July 18.

The American government has decided not to reply to China's representation for invocation of nine-Power Pact because the Sino-Japanese conflict has not entered into a bellgerent state as yet, the Tokyo *Asahi* special correspondent wired from Washington July 18.

Americans Discount British Power to Intervene in Far East, Japanese Correspondent Says

The *Osaka Mainichi's* staff correspondent at Washington July 13 commented:—"Foreign opinion believes that Japan, regardless of whether her policy is military or pacific, must carefully regard the views of industrial leaders and bankers: firstly, because extensive activities in North China would create a sentiment against Japan in many nations, and second, because a serious war would run the risk of having the United States invoke the neutrality embargoes against Japan and China as is required by its law.

"Americans generally now discount British power to intervene effectively abroad in view of her policies in the Ethiopian and Spanish situations. Henry L. Stimson, Secretary of State in the Hoover cabinet, in his recent book 'The Far Eastern Crisis,' clearly exposed the British refusal to cooperate with America during the Shanghai incident.

The *Tokyo Yomiuri*, July 15 said that according to information reaching Tokyo official circles, the attitude of the Powers toward Japan in connection with the North China Incident has not shown any conspicuous trend except the U.S.S.R. which is indulging in abuse of Japan.

On the other hand (according to the *Yomiuri*) Great Britain, Germany and Italy had recognized the fault of China as leading to the present incident, and are showing a favorable attitude toward Japan.

Shanghai "Nichi Nichi" Reports that China Prepares for War With Japan

The Shanghai *Nichi Nichi* July 24 pointed a telegram Nanking that the Standing Committee of the C.E.C. on July 22 had reached a decision that a war with Japan is inevitable. The meeting was filled with a pro-war atmosphere, the telegram said, at which the moderate clique entirely kept silent.

Prominent Tokyo Papers Take Opposite Views on North China Situation

A more moderate tone was taken by the *Tokyo Asahi* in its editorial July 24 commenting on the North China situation. After reviewing the events leading to the settlement of the affair, it stated that the doubts created among the Chinese by the emergency dispatch of troops to North China would shortly cease to be cause for alarm.

Taking an opposite view, the Tokyo *Nichi Nichi* believed that although there had been a minor turn for the better the situation was still not reassuring. The paper pointed out the firm attitude maintained by the Chinese Government and said that peace in North China as desired by Japan could not be permanently guaranteed, and if matters should be allowed to drift the situation would reach a dangerous state.

Gaimusho Spokesman Says Japan Will Respond If Nanking Changes Stand

"The Japanese Government will readily respond to any change in Nanking's policy towards this country," a spokesman of the Gaimusho told foreign press correspondent in Tokyo, July 23. "If the full terms of local agreements of July 11 and 19 are carried out by the Authorities in North China," he added, "a local settlement of the incidents will be effected."

FOREIGN PRESS OPINION

Soviet Press Says Japanese Aggression in North China Deals Hard Blow to Britain

Commenting on events in North China, Moscow *Pravda* July 22 commented: "Undoubtedly the Japanese aggression in North China deals a hard blow to the interests of other capitalist powers, especially Britain. However, it must be noted that the British Government all the time is applying the same policy of toleration and compromise in respect to the Far Eastern aggressor as in respect to the aggressors in Europe. This policy, which by the way finds its expression in commencing Anglo-Japanese negotiations, will undoubtedly facilitate the aggressive plans of Japanese imperialism. The events in North China deserve the most serious attention, for they represent part of Japan's preparations for a 'big war' on the mainland."

Moscow *Izvestia* July 22 commented: "Japan succeeded in carrying out her plans in Manchuria only as a result of the passivity of the Western powers. Moreover, the open toleration on the part of Britain played no small role in the success of Japanese aggressive actions.

"Now, as then, the British Conservative press is attempting to minimize the impression of the events in China and to create an impression that the matter concerns an incident not affecting the interests of other countries. In other words, the London Conservative newspapers support that version which is needed by the Japanese militarists in order to cover up extensively-thought-out

(*Continued on page 236*)

Movements and Appointments in Diplomatic and Official Circles

General Tsai Ting-kai arrived in Hongkong July 21 from Manila. It was stated that he would proceed to Nanking on invitation from the Government.

Yu Yu-jen, President of the Control Yuan, returned to the capital July 27 from Kiukiang by boat.

A Mandate issued at Nanking July 23 appointed Quo Tai-chi (Ambassador to Great Britain) plenipotentiary delegate for the conclusion of a Treaty of Amity with the Government of Esthonia.

Chen Tuan, Provincial Commissioner of Finance for Kansu, arrived in Nanking, July 22 to seek the approval of the Central authorities for the establishment of a Kansu Provincial Bank and the issue of subsidiary banknotes in Kansu.

Lei Tzu-shang, whose resignation of the Directorship of the Bureau of Social Welfare was accepted by General Sung Chen-yuan July 20, has been appointed by the Council to go abroad to investigate educational developments. He expects to leave for Europe and America about the end of next month.

The long arm of the dread G.P.U. stretched to Shanghai to force A. Lepin, Soviet Military attache, to sail for Vladivostok in the s.s. *Sever* on Monday, the Shanghhai *Nippo* reported July 20.

Marshal Feng Yu-hsiang, Vice-President of the Military Affairs Commission, returned to Nanking July 23 from Kuling. Shortly after his arrival in the capital he called on General Chiang Kai-shek.

Sun Fo, President of the Legislative Yuan, called on General Chiang Kai-shek, shortly after his arrival in Nanking from Shanghai July 26 to confer with the latter on "important affairs." Mr. Sun returned to Shanghai the same night. He may make a trip to Kwangtung and Kwangsi shortly.

Lin Sen, Chairman of the National Government, arrived in Nanking July 27 from Kuling.

T. V. Soong, member of the Standing Committee of the National Economic Council, paid a brief visit to Nanking, July 25. After conferring with General Chiang Kai-shek, Mr. Soong returned to Shanghai by plane at 5.30 p.m. the same day.

Dr. Oskar Trautmann, German Ambassador to China, called at the Waichiaopu July 26. Shortly after Dr. Trautmann's call, Nelson T. Johnson, the United States Ambassador, also called on the Foreign Office and saw Hsu Mo, the Vice-Minister. The third foreign Ambassador to visit the Waichiaopu the same afternoon was Signor Guiliano Cora, the Italian Ambassador. He was also received by Dr. Wang Chung-hui.

Lieut.-Col. Yoji Wachi, staff officer of the Tientsin Garrison, who proceeded to Tokyo to report to the War Office on the situation in North China, returned to Tientsin by airplane July 27.

Yasuhiro Akiba, Chief of the Special Political Section of the Aichi Prefectural Government, has been appointed chief of the political police section of the Japanese Consular Police in Shanghai

M. Bogomoloff, the Soviet Ambassador who arrived in Nanking, July 21 from Shanghai was received by Dr. Wang Chung-hui, Minister of Foreign Affairs.

A report on the Sino-Japanese crisis was made by Dr. Wang Chung-hui, Minister of Foreign Affairs, at the meeting of the Executive Yuan July 20.

Tokyo Orders Ambassador Kawagoe to Proceed to Nanking

Shigeru Kawagoe, Japanese Ambassador to China, who heen visiting in North China, was on July 27 ordered by Tokyo to proceed to Nanking. The *Tokyo Asahi* July 23 stated that Tokyo intended to dispatch a "big man" to Nanking with a view to arriving at a fundamental solution of outstanding problems after the settling of the North China incident. At last reports Mr. Kawagoe was trying to charter a plane to make his trip to Nanking.

Hidaka Calls on British Envoy at Nanking and Reports on Conversations

Information on the progress of his conversations with Dr Wang Chung-hui, Foreign Minister, was conveyed by Shinrokuro Hidaka, Japanese Charge D'Affaires, to Sir Hughe Knatchbull-Hugessen, British Ambassador to China, at Nanking July 21.

Bank of Chosen Issues $30,000,000 Japanese Notes in Tientsin

To meet the heavy military expenses in North China, the Bank of Chosen has been instructed by the Japanese military to issue bank notes to the amount of $30,000,000. This action on the part of the Japanese authorities will undoubtedly do much harm to the Chinese currency as a whole, the *China Evening News* of July 22 stated.

Are You Worried About Your Daughter?

Many a mother has reason to view with concern the pale cheeks of her daughter who lacks appetite, is underweight, easily exhausted, breathless and nervous. Such symptoms indicate that the girl is anaemic and her urgent need is Dr. Williams' Pink Pills which contain the vital, energizing, life-giving nourishment which anaemic blood demands.

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CUSTOMS NOTIFICATION NO. 1587.

With reference to Customs Notification No. 1586: notifying the temporary prohibition of the exportation of wheat flour from Shanghai both abroad and coastwise;

the public is hereby notified that, in accordance with Government instructions, (a) the exportation of wheat flour abroad (including Manchuria and Dairen) is prohibited and (b) coastwise shipments of wheat flour may be released, subject to the approval of the Customs, provided they are covered by a bond signed by the local Chinese Chamber of Commerce or Wheat Flour Guild certifying the quantity, ports of shipment and destination and that they are intended for ordinary domestic consumption.

CHU CHANG-NIEN,
Superintendent of Customs.

L. H. LAWFORD,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 22nd July 1937.

FOREIGN PRESS OPINION

(*Continued from page 234*)

military operations. The British Conservatives are again applying in the Far East those of their favored methods which led British policy to failures not only in the Far East, but also in Africa and Western Europe."

Germany Informs the U.S. She Will Remain Neutral

The German Ambassador, Dr. Dieckhoff, July 21 discussed the Far Eastern situation with Cordell Hull, Secretary of State, and Summer Welles, Under-Secretary of State. It is learned that he assured the American Government that the German Government was adopting the same hands-off policy as the United States.

It has become an almost understood thing in certain foreign circles to see the black hand of Germany in any disturbance to the peace of the world, the Berlin *Boerzen Zeitung* stated in an article on the Far Eastern situation July 22. Germany, it declares, only pursues purely commercial and legitimate aims in the Far East, and can have no other wish than to see peace preserved between the two nations, both of which are her friends.

French Journal Sees Japanese Action as "Terribly Audacious"

The international significance of the North China situation was stressed by the extreme rightist *Le Petit Journal*. "Japan is speculating upon the opposition between London and Moscow in European Affairs, and upon the reluctance of Americans to enter into direct action," this paper asserts.

The tentative aim of Japanese expansion remains "terribly audacious." *Le Petit Journal* adds, "because there is no doubt now that in the Far East American policy is in agreement with that of the U.S.S.R. and Great Britain."

The rightist *L'Ordre* speaks in a disillusioned fashion: "If Nippon finds that to accept the solution which will save Nanking's face will obtain for Japan all that she desires, the affair will be settled until the next time."

Japan's Ambitions "Stimulated, Not Satisfied" Says London "Daily Herald"

Referring to the Japanese demand for the withdrawal of the Chinese 37th Division, the London *Daily Herald* July 27 commented that it is one more step towards the thinly veiled annexation of two more Chinese provinces. Japan's conquest of Manchuria, the newspaper continued, has stimulated, and not satisfied, her ambitions.

"Time and Tide" Sees Great Gravity of Japanese Aggression

Commenting on the Far Eastern situation, *Time and Tide*, independent political weekly, points out that the present Sino-Japanese crisis in North China surpasses in gravity anything since the Rape of Manchuria in 1931.

Japan has taken as much control of North China as Nanking can allow, the journal commented. Another "Manchukuo" south of the Great Wall would effectively cut off South China. "If Peking became a second Mukden, what would prevent Nanking becoming a second Peking?" the journal asked.

"Japan Chronicle" Urges the Value of Conciliation

The individual advice and good wishes of the interested nations provide the only safe method today of assisting the Japanese Government to stay its hand in North China, the *Japan Chronicle* commented July 15. Pointing out that the future status of North China forms the background of the present dispute, the journal believes, however, that neither Japan nor China has contemplated solving the North China problem by resort to force. "Obviously there is a danger that as the friction grows and war preparedness progresses there will be a temptation both in Nanking and Tokyo to forget the risks that have helped maintain an uneasy peace, but it is still not too late—if the machinery for conciliation was only in readiness—to halt the drift to war."

Chinese Entirely Responsible for Incident, Says London "Daily Mail" Correspondent

"China is entirely responsible for the present incident in North China," H. Vere Redman, Tokyo correspondent of the *London Daily Mail*, said last week on his arrival at Moji from Peiping and Tientsin, according to *Domei*. Redman arrived in Peiping on a tour of North China shortly before the incident began.

"While I was in Peiping, I saw many Japanese behaving themselves in a manner befitting a great nation, remaining calm and peaceful. Probably because they have experienced this sort of event before, they were very orderly. I was deeply impressed by their composed manner," Mr. Redman is quoted as having said.

Eden Says Present Dispute in China Has Not "Committed" the Government

Unless the provision for consultation contained in Article VII of the Nine-Power Treaty was classed as a commitment, neither that Treaty nor the Kellogg Pact committed the British Government in the present dispute in China, nor had any commitment arisen under the League Covenant, declared Anthony Eden, the British Foreign Secretary, in reply to a query in the House of Commons July 21.

National Government Gives Unwavering Support General Chiang's Policy of Resistance

For a solution of the North China incident the National Government will unwaveringly stick to the policy as announced by Gen. Chiang Kai-shek, President of the Executive Yuan, in his Kuling speech on July 17. This attitude of the Central authorities was announced by Sun Fo, President of the Legislative Yuan, in an interview at Shanghai July 28.

General Chiang Kai-shek's determination to resist the enemy was even more firm and frank during the Lushan Conference than the statement he issued, according to leading intellingtsia, who returned to Shanghai from Lushan July 23.

Chiang's Stand Creates Favorable Impression in Hongkong

General Chiang Kai-shek's statement on China's stand towards the present Sino-Japanese crisis has created a favorable impression in the Chinese community at Hongkong, according to *Central News*. Their renewed confidence in the Central Government was reflected in the rally in the local bond and stock market.

A Japanese Comment on Gen. Chiang's Position

Because Gen. Chiang Kai-shek, "the strong man" of China, is firmly entrenched in his position as the leader of his country, the abandonment of anti-Japanese policies should not cost him his power, the *Shanghai Mainichi* declared in an editorial July 20.

Szechwan Endorses General Chiang's Stand

The statement made by General during his recent addressat the "summer conversations" regarding China's stand towards the North China situation has received favorable response from leaders in Szechwan, a recent telegram from Chengtu stated.

Addressing his staff officers General Liu Hsiang, Chairman of the Szechwan Provincial Government, expressed his hearty support to the stand taken by the Generalissimo vis-a-vis the Lukouchiao incident.

"The armies in Szechwan and Sikong," General Liu asserted, "are ready to answer the calls of the Central Government to resist the invaders."

Following the Szechwan Chairman's address, opinions were expressed by other military leaders regarding the current situation. All the speakers at the gathering are in favor of the Generalissimo's statement.

Lieut.-Gen. Chin Says Gen. Sung Greatly Admired Gen. Chiang's Pronouncement

The statement made by General Chiang Kai-shek on the Sino-Japanese crisis arising from the Lukouchiao Incident is greatly admired by General Sung Cheh-yuan, Lieut.-General Chin Te-shun, Mayor of Peiping, declared in an interview July 22.

North-China Cultural Association Urges Gen. Chiang to Mobilize for Resistance

A telegram urging a general mobilization for resistance against Japanese aggression was despatched July 26 to General Chiang Kai-shek, by the North-China Cultural Association for Support of Resistance against Japan.

Chinese League Union Makes Appeal to Western Nations to Apply Sanctions Against Japan

Condemning Japan as an aggressor and disturber of world peace, the Chinese League of Nations Union July 26 made an appeal to the Western nations to apply sanctions against her in connection with the North China crisis.

Industry Minister Says China's Food Supply Is Adequate

Anxiety for China's food supply in time of crisis was allayed by Wu Ting-chang, Minister of Industries, in an interview at Nanking, July 23. The nation's present store of food, he said, is fully adequate in meeting emergency demands which may arise in the near future. Reviewing China's harvest last year, Mr. Wu recalled that the total output of rice reached 871,002,000 municipal piculs which was an increase of 465,000 municipal piculs over the output of the year before. The increase of output in wheat during last year was more remarkable. The total output for 1936, Mr. Wu said, was 461,555,000 municipal piculs, an increase of 35,503,000 municipal piculs over the proceeding year.

President's Supreme Court Reform Bill Finally Killed by U. S. Senate

President Roosevelt's Supreme Court Enlargement Bill was finally killed July 22 when the Senate voted by 70 votes to 20 in favor of returning the Bill to the Senate Judiciary Committee with instructions to prepare a new measure.

Who's Who in China

Liu Yun-fang (Y. F. Lieu), diplomatic official; native of Anhwei; graduated from St. John's University in 1922 as B.A. in Political Science with honors and later studied law at Chih-Tze University from which he received his LL.B. degree with honors; awarded by St. John's University first prize gold medals for Chinese oratory, English oratory, intercollegiate Chinese and English debates, and general excellence in Chinese; having been college professor and journalist for several years, and later Secretary for Foreign Affairs to the Governor of Kiangsu and acting Commissioner of Foreign Affairs at Nanking, he was appointed in 1928 Secretary of the Ministry of Foreign Affairs and has since been connected with the Foreign Office; he served as co-Director and later as Director of the Shanghai Office of the Ministry of Foreign Affairs (1929-1931), and was concurrently a member of the Foreign Relations Commission of the Ministry; he also served under the National Government as Secretary of the National Communications Conference; Secretary of the National Emergency Conference; Secretary of the State Council; Secretary, City Council of Greater Shanghai; Adviser to the Treaty Commission, Ministry of Foreign Affairs; he is now Secretary of the Chinese Embassy in the United States and concurrently Advisor to the Central Trust of China; Author of "Chinese Social Theories," "Prison Reform in China," "Nanking, the New Capital of China"; Translator of "The Evolution of Industry" by D. H. Macgregor; address: Chinese Embassy, Washington, D.C. U.S.A.

劉 雲 舫

Lieu Yun-fang (Liu Yun-fang)

劉雲舫，皖籍，上海聖約翰大學政治學士，持志大學法學士，歷任國民政府外交部駐滬辦事處處長，外交部秘書，外交部科長，外交部外交討論委員會委員，曾奉派蘇州關監督；曾任全國交通會議籌備委員，國營招商局整理委員會委員，國民政府委員室秘書，行政院國難會議秘書，國民政府救濟水災委員會秘書，上海各慈善團體賑濟東北難民聯合會董事，上海市臨時參議會秘書，故宮博物院臨時監察委員會委員，外交部條約委員會顧問，現任中國駐美大使館秘書兼中國中央信託局顧問，民十六，北伐軍抵滬，曾任蔣總司令在滬接晤外國新聞記者傳譯員，早年歷任江蘇交涉公署外政科長，代理江甯交涉員；前南京東南大學上海南方大學教授；迭任上海中外各大報紙編輯；曾充上海新聞記者聯合會總幹事；著作方面：有「工業進化論」（上海商務印書館），「中國之新都南京」（南京市政府），「中國社會思想史」（前上海南方大學），「改良監獄制度概論」（上海持志學院）；通訊處：美國華盛頓，中國大使館。

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CHU CHANG-NIEN,
Superintendent of Customs.

L. H. LAWFORD,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 22nd July 1937.

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Shanghai, July 28, 1937

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Men and Events

In view of the present North China crisis, Dr. Paul Yu Pin, Vicar Apostolic of Nanking, July 25 instructed all apostolic believers in his district to pray for peace.

A memorial service for the late Li Shih-nan, member of the Central Revolutionary Loans Investigation Committee, was held at Nanking, July 25 under official auspices.

It was announced at the annual meeting of the International Investment Trust Co. held in Shanghai July 22 that the year's operations ending March 31 last, had resulted in a loss of $161,170.

In view of the present crisis, the Executive Yuan July 23 issued another decree to the various provincial governments, ordering them to extend adequate protection to foreign residents in China.

Forty-three staff members of the *Tokyo Asahi* were sent to North China to report events at the "front." The *Kantikaze*, *Asakaze*, *Otori* and other *Asahi* planes are aiding in the reporting at the front.

Gen. Yu Fei-peng, Minister of Communications, has again rejected the resignation of Yu Ping-chien, acting director of the Shanghai Telephone Administration and chief engineer of the organization.

Sir Frederick Maze, Inspector-General of the Chinese Maritime Custom departed from London end of last week for China via Canada. Sir Frederick proceeded to England with the Chinese delegation to the Coronation.

Julian Bell, 28-year-old Briton, died in Madrid, July 21 of wounds received while driving an ambulance near Madrid. Mr. Bell, after teaching at a university in China, returned to England in the spring and later left for Spain.

The Yangtsze Finance Co. at its annual meeting in Shanghai July 22 approved the payment of a 20 percent dividend, absorbing $103,500 of the amount available for distribution. $352,201 was carried forward to next year's accounts.

Mr. and Mrs. Edwin L. Neville expect to be passing through Japan some time next month on their way to Siam, where Mr. Neville, former counsellor of the American Embassy in Tokyo, will take up his duties as American Minister.

Mr. and Mrs. George Merserau of Kansas City, Missouri, are visiting in Shanghai in the course of a trip through the Orient. Mr. Merserau is attorney for the Santa Fe Railway, one of the leading railway systems of the United States.

Prof. Hubert Liang, head of the School of Journalism of Yenching University, accompanied by Mrs. Liang and their son, arrived in Shanghai this week following a visit at Kuling. Prof. Liang plans to remain in Shanghai for some time.

Ground breaking ceremonies for the construction of an ossuary, where all the earthly remains of Japanese "forgotten souls" will be deposited, will be held at the Japanese Cemetery in Chapei on August 11, the *Shanghai Mainichi* reported July 22.

An armed robber, named Ma Teh, was executed at the Tien Chiao at Peiping July 21. Ma was 30 years old and a native of Changping. The execution was carried out by the headquarters of the Pacification Commissioner of Hopei and Chahar.

A. Cecil Taylor, news editor of the *Peiping Chronicle*, sailed from Yokohama last week for Australia. Mr. Taylor will visit with his family in Sydney for a month or six weeks and then return to Peiping, where he has made his home for the past 12 years.

E. K. Eskelund, son of Dr. N. Eskelund, dental surgeon of 4 Ezra Road, Shanghai, is planning to depart shortly for the United States where he will enroll as a student in Journalism at the University of Missouri. Young Eskelund is 19 years old and is of Danish nationality.

A play entitled "Lukouchiao," written by Tien Han, a popular dramatist, will be presented in Nanking under the auspices of the Nanking Press Association. Another well-known playwright, Hung Shen, will direct the cast which will consist of more than one hundred members.

Rice and other cereal merchants in Wuhu July 24 decided to suspend trading with Tientsin and Tsingtao temporarily so as to prevent the supply of provisions from falling into the hands of the enemy. It is learnt that over 500,000 piculs of wheat and other grains had been exported from Wuhu in the past two months.

The death occurred at Kuling July 26 of Mrs. Dorothy Huang, wife of Col. J. L. Huang, General Secretary of the Officers' Moral Endeavor Association in Nanking, following an illness of two years. Mrs. Huang was the daughter of the late Dr. David Yui, former Chairman of the Y.M.C.A. National Committee in Shanghai.

The income of the Lester Chinese Hospital from its endowment property was 14 per cent lower during the first six months of this year than during the same period of the previous year. Because of this, "the financial side of the hospital's work is causing considerable anxiety to those in charge," according to the hospital's report for June.

Wu Ting-ching, Minister of Industries, has completed arrangements with the chairmen and reconstruction commissioners of tea-producing provinces to grant facilities to Mr. Witham, technical adviser of the China National Tea Corporation, who will shortly leave Shanghai on a tour to Anhwei, Kiangsi, Hunan, Hupeh, Chekiang, Fukien, Yunnan and Kwangtung to study the tea plantations there.

London advices state that war clouds in the Far East have caused Sir Robert Craigie, newly-appointed British Ambassador to Japan to hasten his departure for his post in Tokyo. Instead of leaving on Aug. 21, Sir Robert, accompanied by Lady Craigie and their only son, will sail from Southampton in the s.s. *Empress of Britain* on Aug. 8. They will arrive in Yokohama in the s.s. *Empress of Russia* on Sept. 3.

A sensational sequel to an attempted piracy on the West River developed on the night of July 23 when the British river gunboat *Cicala*, in answer to a radio alarm sent out by the Chinese 297-ton steamer *Tinsang*, raced to the scene and placed an armed guard on board. The ship's guards had already engaged the pirates, killing one and capturing two. The remainder succeeded in escaping in the paddy fields.

N. E. Lurton, member of the American bar in Shanghai, was on July 23 appointed by Judge Milton J. Helmick to temporarily fill the position of Acting Commissioner of the United States Court for China, in succession to William T. Collins, Clerk of the Court, who had been concurrently fulfilling the duties of Commissioner, but who resigned as he found that his duties as Clerk did not allow him sufficient time to carry out the duties of the concurrent post.

President Manuel L. Quezon has contracted for the services of Dr. Frederick C. Howe, an expert of the U. S. department of agriculture and commerce, to become Commonwealth adviser on land and tenancy problems and on land settlements. He is due in the Philippines on September 7. Adviser Howe will assist the chief executive in the solution of the present tenancy and land settlement problems for which President Quezon plans to appropriate part of the P100,000,000 coconut oil tax refund. Mr. Howe will help the Philippine department of agriculture and commerce in the solution of agrarian problems.

Floyd "Ajax" Smith, who recently bagged the only full-grown giant panda in captivity, left Shanghai last Saturday to dispose of his valuable specimen to some museum or zoo in Europe of America. Smith caught two pandas in northwestern Szechuan, but the consort to the female panda which he is taking out of China died on the way day down the Yangtsze. Nevertheless, he is positive that he still has two pandas and that in the not so distant future a blessed event will make the total number of giant pandas in captivity one female adult and two babies (the first baby giant panda was captured by Mrs. William Harkness and is now in a Chicago zoo).

The U.S.S. *Augusta*, flagship of the United States Asiatic Fleet, departed from Tsingtao early July 26 bound for Vladivostok, with Admiral Harry H. Yarnell, commander-in-chief of the fleet and his full staff aboard. The vessel is making the trip to the Siberian port without stopping en route and will return the same way. Admiral Yarnell expects to spend a week at Vladivostok after which the *Augusta* will proceed to Chefoo for her annual target practice with the destroyers of the fleet. According to naval officials, no diplomatic and political mission is connected with the trip. The *Augusta's* visit to Vladivostok will mark the first visit of an American naval vessel to that port since 1921, the year the American military and naval forces were withdrawn from Siberia.

Prof. Elam J. Anderson, president of Linfield College, McMinnville, Oregon, who has been traveling in China for sometime, departed this week for the United States. He plans to stop over briefly in Tokyo to attend the International Educational Conference. Prof. Anderson was formerly Principal of the Shanghai American School in Shanghai. Interviewed at Nanking July 24 Dr. Anderson said the general progress in this country during the past five years has made his current task of getting information on China a pleasant one. Dr. Anderson had altogether 14 years educational experience in China. While at the Shanghai American School, he introduced compulsory study among high school students in the institution of Chinese history and culture, maintaining that no American child born in China should be ignorant of this country's history and culture. He also encouraged the study of the Chinese language among the young Americans in the Shanghai institution.

Japanese at Taiyuan Attack Police—Insisted on Driving Car Without License

Two police officers and a policeman were injured at Taiyuan July 24 when a group of six Japanese rushed into the Hsincheng Road Branch of the Police Bureau and beat up the inmates. The incident arose from the refusal of the police to permit a Japanese to drive his motor car without a license. On July 23, when the Japanese was driving his car from his residence at Hsincheng Road, the police asked for his license. As he had none, he was obliged to drive his car back to his garage. The next day, the Japanese again drove his car in the street. The police again ordered him to drive back since he had no license. Shortly afterwards, the Japanese, accompanied by six others, rushed to the police branch and attacked the police. Two police officers, Captains Chien Ju-cheng and Kuo Chih-li, and Sergeant Ti Tai-sheng were injured. The windows, doors and furniture of the branch were also smashed. After the outrage, the Japanese fled to their residence.

The quadrennial session of the general assembly of the Church of Christ in China was held in Tsingtao, from July 16 to July 30. Among the subjects considered were registration with the National Government, property holding, and inducement of more workers to prepare for active ministry. The assembly was opened with a sermon by the Rev. Y. S. Tom (Moderator). The Mayor, Admiral Shen Hung-lieh, was among those present.

Dr. John Gilbert Reid Appointed Assistant Professor of History in Washington State College

John Gilbert Reid, Ph.D., who spent 23 years in China and was the author at 14 in Shanghai of an illustrated book called "Pickwickians Abroad" (printed by the Commercial Press in 1913), has been appointed an assistant professor of history for the coming year at the State College of Washington, Pullman, Wash. He will give courses in the history of the Far East, modern Russia, and modern Europe.

Since October, 1935, Reid has been engaged on a research project at the Department of State, Washington, D. C. His subject concerns United States diplomatic relations in east Asia, from 1897 to 1906. Reid has been collecting a chronologically-arranged history from the official diplomatic archives. This project was launched when he was appointed by the University of Pennsylvania in 1935 as a Penfield Scholar in diplomacy, international affairs, and belles-lettres.

Reid received his M.A. and Ph.D. degrees in history from the University of California in 1931 and 1934, submitting theses on the founding and ending of the Manchu dynasty. His book, "The Manchu abdication and the powers, 1908-1912," was well received by reviewers in America, England, Europe, China and Japan. The University of California Press published it late in 1935, and the Cambridge University Press is its British agent.

As the son of Dr. and Mrs. Gilbert Reid, long known in China as leaders of the International Institute of China, Reid remains an officer of this organization, which owns property in Shanghai and has carried on charitable work since the death ten years ago of its founder. Mrs. Gilbert Reid is living with her son in the United States.

Central Party Publicity Department Awards Motion-Picture Prizes

Awards for the best native motion-pictures in 1936 were awarded by the Central Party Publicity Department in Nanking, July 24. The ceremony was held at the New Metropole Theater and was attended by a crowded house including representatives of various civic organizations. Shao Lih-tze, Director of the Central Party Publicity Department, presided and delivered a brief address on the prospects of the Chinese motion-picture industry.

The first prize was awarded to the Star Motion-Picture Company for the film entitled "The Little Darling," and the second prize to the Hsin Hua Picture Company for the film entitled "The Hero." A special prize was also awarded to Miss Tan Yang, prominent movie star.

Heavy Punishment Provided for Interference with China's National Currency

The Ministry of Finance has promulgated a set of provisional regulations governing the punishment of those interfering with the smooth enforcement of the national currency. Anyone who smuggles silver coins, copper coins, bars of the Central Mint, or silver articles out of China will be subject to death penalty, life imprisonment or imprisonment of over 7 years in addition to a fine of less than five times of the value of the articles smuggled.

Anyone who melts silver coins, copper coins, or silver bars of the Central Mint, with intent to make profit, another of the 8 articles provides, will be subject to imprisonment ranging from one to seven years.

Counterfeiters Arrested in Shanghai—Bogus Money Shipped to Canton

A series of raids made by the Shanghai Settlement police last week unearthed a ring of counterfeiters operating in this neighborhood, who had already put into circulation a large amount of bogus Chinese currency. One of ten men arrested confessed that $20,000 of this counterfeit money had already been sent to Canton.

Puppet Chief Promises to Help Koreans in Peiping to Find Jobs

A Tientsin message in the *Shanghai Mainichi* July 26 said the Japanese Garrison Army authorities have puzzled their heads over the problem of about 10,000 Korean residents in North China. A representative of the Japanese Army interviewed Yin Yu-keng, the puppet chief of the Eastern Hopei Regime, in Peiping, regarding measures to deal with the employment of the local Korean residents in North China. In reply, Yin Yu-keng expressed his full sympathy in this connection and promised to offer them assistance.

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New Books of Interest in the Far East

A Glance Into the Far Eastern Future

Is America Afraid? By Livingston Hartley. Published by Prentice-Hall, Inc., 70 Fifth Avenue, New York 450 pp. U.S.$2.50.

The chapters in this book concerning the Far East are so unerringly accurate, fact-filled and timely that they might have been written this morning after a perusal of the latest dispatches from the north instead of some months before the occurrence of the present North China incident.

Mr. Hartley believes that the only way to keep the United States out of future wars is to follow a vigorous foreign policy. Just as sure as night follows day, Japan's subjugation of China will be followed by seizure of the Maritime provinces, grabbing of the Philippine Islands, eventual establishment of hegemony over all Asia and armed extension of her dominions toward the American continent.

A desperate clash for the mastery of the Pacific is inevitable due to "Greater Japan's will to expand and America's will to survive" unless some effective measures can be found to control Japan before she has established that hegemony and she is able to command vaste hordes of subject peoples who could sweep in wave after wave against other Pacific nations.

"If Japanese domination of the Far East should coincide with German domination of Europe and Africa, we should be placed in a hopeless situation. German expansion from her Brazilian and Venezuelan provinces might synchronize with a Japanese drive to the south from her newly conquered domain in Alaska and the Yukon. Command of both of our oceans would long have been wrested from our grasp, and the wheels of industry and commerce in New York, Washington, Los Angeles and San Francisco, and most of the production centers of the Eastern States would have been halted by the superior air fleets of the Tokyo-Berlin Alliance. The last days of free America would see our government grimly 'carrying on' from Topeka, while the German Headquarters in Texas and the Japanese General commanding the Michigan front coordinated the offensives of their polyglot armies of subject peoples."

This might sound like a page from H. G. Wells but Mr. Hartley traces step by step how such a state of affairs could come to pass. He has written the most telling argument for a strong American foreign policy I have ever read or heard.

A united front between the United States, Great Britain, France, Holland, Soviet Russia and other democratic powers is the only thing that can halt Japan, without catastrophic wars.

Japan's national power is not sufficient to allow her to carry out her expansion in the face of a direct frontal economic attack by all the foreign Powers. She can attain the Asiatic hegemony she seeks only if these Powers allow her to proceed step by step without making common cause against her. Her progress depends, in the last analysis, on the failure of the Western Powers and Russia to act together to protect the common interests her expansion threatens, the author claims.

He points out that America's attitude in the Far East has always furnished a striking contrast with our attitude towards Europe. Despite the fact that American investments in Eastern Asia are less than one quarter, and our exports to Eastern Asia less than one half, of the investments and export trade in Europe, the United States has long played a positive role in the internal politics of the Far East and consistently fled from the internal politics of Europe, with the single exception of the World War.

American intervention in Far Eastern affairs furnishes an impressive list of positive acts and Mr. Hartley enumerates them and tells why it is so.

He frankly advocates that the United States take the initiative in Western intervention either during war between China and Japan or before. The United States should not attempt to stop Japan alone but should secure the solid support of the other Western Powers and Eastern Powers whose interests parallel her own. It would be much cheaper and safer for the United States and other interested Powers to stop Japan by peaceful pressure instead of by war, he says.

Mr. Hartley is not discouraged at all by the failure of the League's sanctions against Italy. World wide economic sanctions would hit Japan harder than any great Power; even if these sanctions were limited to a collective embargo on the purchase of Japanese goods, a measure that would face Japan with certain disaster.

"Since Japan's national economy and financial structure have long been strained to near the breaking point, this collective economic pressure should be sufficient to bring her into a new international agreement concerning China within a few months," he declares.

In summarizing this viewpoint, Mr. Hartley declares, "It seems evident, then, that a continued extension of Japanese dominion in the Far East may make it necessary for the United States to stop Japan as a lesser evil than allowing her to create hegemony over Eastern Asia; that, in such an event, we should have available as potential partners the four other major Powers whose territories would be threatened by Japanese expansion; and that we might, by securing the cooperation of the League of Nations, or perhaps the cooperation of these four Powers alone, be able to stop Japan by methods short of war."

Mr. Hartley discusses at length the obstacles that stand in the way of such cooperation—particularly a vacilating policy on the part of Great Britain as shown during the Manchurian incident when Sir John Simon showed himself to be an old woman. However, Mr. Hartley believes that with hostilities between Japan and China inside the Great Wall, Britain is much more closely affected and cooperation might be secured this time.

What does hegemony mean? Hegemony over the Far East means the control of some 600,000,000 people in a region stretching from the Arctic wastes of Siberia to the equatorial Dutch East Indies or even to Australia and from the arid plateaus of Chinese Turkestan to the rice fields of Japan.

Mr. Hartley points out that if anyone can create such a hegemony by the time-honored methods of military expansion and force, it will dominate the entire Western Pacific and cast its ominous shadow wherever Pacific rollers break on the shores of the two Americas.

Japan is at the moment embarking on another step in her plan for the Asiatic hegemony and the time will never be riper than now for the United States, Britain and the other interested Powers to do something about it.

E. H. L.

July "Nankai Quarterly" Discusses China's Coal Industry

The Nankai Social and Economic Quarterly for July of this year has just left the press with articles on economic problems of vital importance in China's present situation.

The second and concluding article on the Coal industry in China, by Leonard G. Ting, appears in this issue with an analysis Chinese foreign trade, consumption, transportation and labor conditions in the Chinese mines. The study is particularly exhaustive and reveals the largely undeveloped condition of the coal mines and the growing demand for coal in China.

Also of importance is the Review of the Theory of Silver Exchange by Wu Chi-yuan, which considers the various theories in connection with silver exchange particularly around the time when the Latin Union closed its mints to silver coinage in 1873 and the same thing occurred in India twenty years later. The author then considers the silver problem and its relation to China during recent years.

Other articles in the issue include the "Customary Law of the Tunguses," "Studies of Christian Humanism in China at the End of the Ming Dynasty" (in French), and economic indices.

Julean Arnold Urges Popularization of China's Tea in "Economic Journal"

A definite plan for the popularization of China's tea should be undertaken at this time, declares Julean Arnold, American Commercial Attache, in an article published in the June issue of the *Chinese Economic Journal*.

Thomas Lipton gained world wide publicity every time he lost a yacht race in the United States in an attempt to win the America's Cup, he declares, and the sale of Lipton Tea was boosted tremendously as his picture regularly made world newspapers over the caption, "The World's Best Loser." With the standardization of brands of tea in China and the following of a regular advertising policy, iced tea could be popularized in China and Chinese tea could be popularized abroad, he says.

Other articles appearing in the same issue of the magazine includes "Crop Improvement for China," "A Survey of the Wool Industry in China," Economic Reconstruction in Hupeh, and discussions of China's foreign trade for April and for the first six months of this year.

July Issue of Weltwirtshaftliches Archiv Features Japan's Industry and Economic Organization

The foundations of Japan's industry, the aspects and branches of its economic organization and the future prospects of its industrialization are featured in the July issue of the *Weltwirtshaftliches Archiv*, published by the Institute for International Economics of the University of Kiel, Germany. The whole of the 250-page issue, which is devoted to the economic structure of Japan, has been written by Japanese professors and foreign authorities in Japan.

General Chiang's Book Translated into Mongolian Dialect

According to Suiyuan dispatches General Chiang Kai-shek's masterpiece "Half a month in Sian" and Madame Chiang's "Reminicences of the Sian Incident" will shortly be published in Inner Mongolia after being translated into the Mongolian dialect.

Kipling Reminisces

Something of Myself, by Rudyard Kipling. MacMillan & Co., Limited; St. Martin's Street; London.

Mr. Kipling, in his seventieth year, looks backward and gives to his known and unknown friends, the high and low, but always interesting lights of his life. He has done this for his admirers who have never failed to be intrigued by his unusual life and literary contributions to the world.

"Give me the first six years of a child's life and you can have the rest" and in that statement Mr. Kipling tells all as regards his early childhood. It is the small but significant things in one's youth which make lasting impressions on our adult years, the author intelligently points out, and if all parents could be made to share this opinion with Mr. Kipling, perhaps a better class of citizens, as a whole, would be the result.

The reader follows the pages with intense interest, and for those who have been residents in the countries East of Suez, they will upon reading wonder if they were fortunate for having spent the major portion of their lives in these fascinating countries, accompanied by a certain ease and comfort; or unfortunate, in measuring these values against the taste of fever, buzz of quinine, injections for cholera, and constant fear of dreaded tropical diseases constantly surrounding the foreigner. For the Occidental never seems quite able to cope with this environment as the native inhabitants, who have a natural immunity. Mr. Kipling suffered recurrences from his early life in India, down through the years.

Mr. Kipling's life in India, and South Africa furnished him with rich material for his newspaper and magazine articles, as well as his books. In his own narrative he deals frankly and fairly with his critics and one can easily follow Kipling from the beginning, to the middle and to the end of his life.

M. P. W.

"Made-in-Shanghai" Short Stories

Twelve Stories and One Other. By Cardyff. The China Digest, Shanghai.

As is often true of books published locally the proof-reading is very inadequately done, leaving far too many typographical errors. Some of the sentence structures, however, cannot be blamed on the proof-reader or the publisher. On the other hand, one must not be too critical of a new writer's first collection of Short Stories. Most of them are very readable with a well-sustained thread of mystery or other interest. Some of us have read "Two Cards" in the collected stories of the Shanghai Short Story Club, and the "House of Balghoorie" in the Y. Spokesman. "A Fragment" is certainly not a short story and is not skillfully enough handled to be included in any published collection.

Since it is summer and many are wondering what light reading to take along on vacation journeys, this volume might well be included. It is not large, and it offers mild entertainment.

G. T. F.

"CHINA MUST FIGHT NOW"

(Continued from page 333)

In this article, written in April 1937, he writes: "Only on one ground could the Chinese be justified in acting as they are now acting (demanding the defense of their country and the recovery of their lost provinces?—author) and that would be the certainty of winning a war." "And no Chinese who has not completely lost his reason can feel any such certainty."

And so "until China is strong enough to get back its lost territories from Japan without a war or to win a war, the only rational course is to keep still."

Mr. Peffer has got into really Bad Company. He has had to cook up some new "historical" arguments to bolster up old theses that living history has already proved false.

China is weak. She cannot defend herself from the Japanese imperialists. She must not provoke them by rousing her people to unity, to arms, to defence, to recover their lost territories—or the BIG BAD WOLF will destroy her! There's the bogey. So, says Mr. Peffer—work, strengthen the nation, keep still, above all, keep still.

Just as I do not doubt Mr. Peffer's sincere sympathy for China, I do not doubt that the Japanese General Staff will heartily approve his views.

Mr. Peffer writes: "China has recovered its morale. It won a great moral victory last autumn over the Japanese imperialists." Mr. Peffer should understand that China won that victory because its people were ready and fought, they refused to keep still any longer, drugged by defeatism and fear of Japan's much propagandised might. It is the same today. Procrastination and meekness invite aggression. To prevent further aggression, to recover their lost territories, to strengthen the nation, China must be ready to fight now. For it is now that the Japanese imperialists are attacking with opium, and smuggled goods, with bullets and bayonets.

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(*Continued from page 318*)

Gen. Sung Cheh-yuan at First Had Issued Orders to 29th Army to Resist

A telegram was received by the Central Government from Gen. Sung Cheh-yuan, July 26, stating that he has given his 29th Army orders to resist the Japanese, in defiance of Gen. Katsuki's ultimatum. The Nanking government gave its approval to General Sung's rejection of the Japanese ultimatum.

General Sung proceeded to Headquarters at Nanyuan, south of Peiping, July 25 to inspect the troops and the military barracks.

Domei stated the ultimatum was brought to Gen. Sung Cheh-yuan, Chairman of the Hopei-Chahar Political Council, by Col. Matsui at 3.30 p.m. Pleading ill health, Gen. Sung directed the Japanese officer to Gen. Chin Teh-chun, Mayor of Peiping. Gen. Chin at first declined to accept the note, but finally took it. The interview lasted two hours.

Gen. Sung Cheh-yuan's rejection of the Japanese ultimatum was handed to the Japanese authorities at 3 p.m. July 22. The time limit was to have expired at noon, but a three-hour extension was given upon the request of the Chinese authorities for more time to consider the matter.

Japanese Evidently Plan Military Occupation of North China

Chinese circles generally expressed the opinion during the week that the insistence of the Japanese on the withdrawal of the Chinese troops from Huangtsun, south of Fengtai, means that they are determined to control the Peiping-Tientsin railway. The logic of events, it was pointed out, seems to be forcing the Japanese step by step towards the military occupation of North China, on the same lines as the occupation of Manchuria in 1931.

C.P.C. Emergency Meeting Shows Majority in Favor of Resistance Against Japanese

An emergency meeting of the Central Political Council was summoned by the Nanking Government July 23 for a discussion of whether or not the agreement concluded between the Japanese Garrison Army and the North China authorities should be approved.

The *Shanghai Nippo's* account of the meeting said that the expounders of an immediate war with Japan, which comprise a majority of the Nanking Government, brought up their strong opinions at the meeting; thus, although ostensibly appearing steady and quiet, the National Government has, so far, followed the direction of devoting its efforts to military preparations in coping with the existing North China situation.

War Would Seriously Hurt Japan's Cotton Industry in China

If Japan and China fight, Japanese economic interests in China will suffer a severe blow, according to Teiji Katsuda, a noted economic writer, in an article in the Tokyo *Yomiuri* July 19. Many Japanese spinning companies have branch mills in China. If the situation develops into actual warfare, all these branch mills would have to be closed as anti-Japanese demonstrations would become serious, he said. Although, the article continued, exports of Japanese cotton cloth to China are less than 10 per cent of the total exports, the export value totals about Yen 30,000,000 a year. Exports of cloth to China correspond to about 12,000 bales of yarn a month. If Japanese traders are unable to expand markets abroad, spinning mills will have to curtail production of yarn by that much. At any rate, Mr. Katsuda holds, the North China incident is a very bad factor for the spinning industry.

The Japanese rayon industry has no branch factories in China. Rayon companies will, therefore, experience no trouble arising out of the closing of mills, as the case will be with cotton mills, but China is one of the largest consuming centers of Japanese rayon. A Sino-Japanese war will be a vital blow to the industry, as it will lose its market entirely at least for the time being, Mr. Katsuda believes.

Home Minister Baba Says Japanese Nation Must Be Ready to "Face Music"

The Government wants to prevent the North China situation from assuming graver proportions, but as it is impossible to tell whether the situation will develop as desired the nation must be ready to "face the music," Japanese Home Minister Eiichi Baba calmly told the prefectural governors at their conference on July 15 to receive instructions on mobilization of national opinion in support of the Government's policy.

He blamed the trouble on the anti-Japanese movement in China and declared that Japan must see to it that China abandons this movement and agrees to co-operate with Japan.

"Depending on the point of view," Dr. Baba said in part, according to *Domei*, "the present affair may appear to have been quite accidental or a bolt from the blue, but the trend of events has really been in the direction of it for 10 or more years, I think I can say without exaggeration. The Kuomintang has all these years concentrated its educational policy on preparing the soil for anti-Japanese agitation.

"It is true that, when domestic or international circumstances have so dictated, it has at times more or less moderated its policy or even assumed a friendly attitude toward Japan, but the essence of all of its efforts has been consistently anti-Japanese. This form of education has dominated the minds of the Chinese people, and those raised for many years on this special diet form the really powerful middle stratum of the Chinese people, guiding the rest of the populace.

"As the Foreign Office authorities have told you, the National Government of China has since the Suiyuan and Sian incideats undertaken to strengthen and give concrete form to the anti-Japanese movement from the standpoint of centralization and unification of the country. What used to be a policy of antagonism toward Japan has today developed into one of contempt for Japan.

"Though the situation is not one to rejoice over—in fact, it is most deplorable—we may yet be able to turn evil into good at the 11th hour, depending on the manner in which we pitch into the melee. We must stand firmly and unflinchingly by the policy to which we are committed and at the same time see to it that China deeply reconsiders its policy toward Japan."

Tokyo Alleges 12 Instances of Chinese "Provocations and Bad Fait"

A communique issued by the Tokyo War Office July 21 enumerated 12 instances of Chinese "provocations and bad faith" since July 9. These were:

1.—Increase in the strength of Chinese troops at Lukouchiao on July 9 in defiance of an agreement for their withdrawal.

2.—Occupation of Lungwangmiao and an attack on Japanese troops on July 10.

3.—A Chinese attack on Japanese troops near Wulitien on July 11.

4.—Attack by units of the Thirty-Seventh Division upon a Japanese infantry detachment passing through Matsun on July 13, three Japanese soldiers being killed.

5.—Chinese attack upon a Japanese cavalry unit passing through Tanhotsun, one Japanese soldier losing his life, on July 14.

6.—Chinese fire upon Japanese troops at West Wulitien, on July 19, Captain Masayoshi Yamazaki, Commander of the detachment, being wounded.

7.—Trench-mortar fire directed by Chinese troops at Lukouchiao upon Japanese lines on July 19.

8.—Heavy bombardment of Japanese lines by Chinese troops at Lukouchiao early yesterday morning.

9.—Renewed bombardment of Japanese positions by Chinese troops at Lukouchiao and Papaoshan at 2:30 o'clock yesterday.

10.—Resumption of Chinese fire last night, when the Japanese suspended their operations.

11.—Frequent tampering with Japanese military telegraph lines between Peiping and Tientsin.

12.—Destruction of a Japanese military pier at Tangku by Chinese troops, who carried away all the building materials on July 19.

Bandits Kidnap Japanese Engineer and "Manchurian" in Eastern Antung

A Japanese engineer, Mitsuo Ito, and a "Manchurian" were abducted by 100 bandits 17 kilometers north of Linkiang on the northern bank of the Yalu River, in eastern Antung province, July 8. The bandits attacked the truck in which the Japanese and the Manchurian were riding. On receipt of the news, Japanese and Manchukuo police forces rushed to the scene from the city of Linkiang and at last reports were pursuing the brigands.

Manchu Officials in Russia Complain of Molestation

Manchukuo's consular officials in Chita and Blagoveschensk July 24 informed the Bureau of Foreign Affairs in Hsinking that they cannot perform their official duties "because of molestation by the Soviet authorities." The Consul in Chita reported that his office is surrounded with a barbed wire fence.

Editor of Peiping "Weekly Outlook" Arrested

Wu Pei-shan, editor and publisher of the "Kwan C'hai Chow Pao," or *The Weekly Outlook*, was arrested by police in Peiping July 22 and is awaiting court-martial at the headquarters of the Pacification Commissioner of Hopei and Chahar on the charge of spreading rumors detrimental to local peace and order. Mr. Wu is a native of Szechwan and a graduate of a university in Peiping. His paper had outsold all the daily papers in Peiping because it was not subject to censorship and published all the news and reports which the bigger dailies were unable to publish owing to the existence of martial law regulations.

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Sat.	7 Aug. 4 p.m.	Thurs.	12 Aug. 11 a.m.

Manila Arrival		Amoy Arrival	
Sat.	31 July	Wed.	4 Aug.
Thurs.	10 Aug.	Sat.	14 Aug.

China Merchants' Steam Navigation Co., Ltd.

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July 28, 1937

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1937 High	1937 Low	Div. $ per sh.	STOCK	Last Sale July 26	Last Sale July 27
22⅝	15	0.55	Adams Express	19	19
83½	57½	2.00	Allis Chalmers	69¼	68¼
121	90¾	5.00	American Can	107	107⅛
35⅞	26⅝	0.60	Amer. Cyanamid "B"	33¼	33½
13¾	6	—	American & For. Power	10⅝	10⅞
68⅝	47½	—	American & Foreign Pwr. $7. pfd.	56¼	55
29½	18¾	0.60	American Radiator	22½	22⅜
187	159⅝	9.00	American Tel. & Tel.	172¼	172
99	74½	5.00	American Tobacco "B"	82⅝	82¾
29½	16	0.80	American Waterworks	22⅛	21¼
69½	48½	1.25	Anaconda Copper	57¾	57¾
93¾	69½	2.00	Atchison, T. & S. Fe	84¼	85
36¾	14½	—	Auburn	21⅛	20¾
40½	20⅝	—	Baltimore & Ohio	28⅝	28
105½	78	2.50	Bethlehem Steel	94¾	94½
49¾	27½	—	Boeing Airplane Co.	32½	33¾
17½	12½	—	Canadian Pacific Railway	11¾	11¾
176½	138	4.00	Case, J. I.	183½	180
90½	62	3.00	Chesapeake Corp.	76½	76½
68⅞	50⅛	2.80	Chesapeake & Ohio	53⅜	53½
135¼	95⅛	13.00	Chrysler	115	113½
20⅞	10½	0.40	Columbia Gas Electric	15¼	14⅞
21¼	13	0.80	Coml. Sovents	14½	15¼
4⅛	2⅛	—	Commonwealth & Southern, ord.	3⅛	3⅛
49¾	32	2.25	Consolinated Edison	40¼	39¾
17⅞	14⅝	0.80	Consolidated Oil	16	16
48⅝	40¼	1.25	Continental Oil	49	48⅜
71¼	55	3.75	Corn Products	62¼	62½
77¼	48	—	Douglas Aircraft	57¼	57¾
180⅛	148½	5.95	Du Pont de Nemours	163	162¾
28⅛	14	—	Electric Bond & Share	21⅝	21¾
64⅞	50¾	1.65	General Electric	58⅜	58½
44¼	36¾	2.35	General Foods	38	38
70½	48¾	4.00	General Motors	56½	56¼
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101	85	3.00	Monsanto Chemical	101⅝	101¼
69	50¾	4.30	Montgomery Ward	63¾	63¾
33¾	23	0.72	Nat. Bond Investment	27½	27⅝
26⅛	18¾	1.20	National Dairy Prods.	21	21
35	27½	2.75	National Distillers	30⅛	30⅛
14¾	8⅞	0.60	National Power & Lt.	11¾	11⅝
55¼	34⅝	—	New York Central	41⅛	40¾
34⅞	21¾	1.30	North American	29	28⅝
38	28½	1.75	Pacific Gas & Electric	33½	33¼
53¾	40½	3.00	Pacific Lighting	45½	45¼
12⅝	8	0.50	Packard Motors	9⅛	9⅛
50¼	34⅜	1.00	Pennsylvania Railroad	39¼	39
60¼	49½	2.75	Phillips Petroleum	63⅝	62⅝
52⅜	37	2.65	Public Serv. of N. J.	44	44¼
12¾	7¾	—	Radio Corporation of Amer.	9¼	9⅜
58	49	3.00	Reynolds Tobacco "B"	52¼	52¾
51¾	38⅝	4.50	Schenley	43⅞	43½
95⅝	81	6.75	Sears Roebuck	94⅜	94½
21¼	16¼	0.75	Socony-Vacuum	21¾	21½
32½	23½	1.50	Southern California Edison	26¼	26½
65⅝	41½	—	Southern Pacific	49½	49
16¼	11¾	1.05	Standard Brands	12¼	12⅜
14⅞	5⅞	—	Standard Gas & Electric	9⅜	9⅜
76	63⅝	2.50	Standard Oil Co. of N. J.	71¼	71⅞
75	62	4.10	Sterling Products	63½	63
44	34¼	2.50	Texas Gulf Sulphur	40	39⅞
17⅝	12½	0.45	Transamerica	13⅛	13½
111	95	2.90	Union Caride & Carbon	101½	101½
148¾	122	6.00	Union Pacific	131¼	129⅛
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13⅝	4	—	United Corporation	6¼	6¼
17	11⅛	1.00	United Gas Improvement	14	14
43⅝	28⅝	—	U. S. Indus. Alcohol	33⅞	33⅞
72¾	44¼	—	U. S. Rubber	60⅛	59½
126½	75	—	U. S. Steel	117	116⅞
39⅞	24¾	—	Vanadium	29½	29½
18	12	—	Warner Bros. Pictures	14½	14½
167⅝	130¼	6.00	Westinghouse Electric	155	154¼

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